

## Tammi,Nancy

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**From:** Tammi,Nancy  
**Sent:** Friday, August 05, 2016 2:03 PM  
**To:** William J. Reilly (reilly.williamj@epa.gov)  
**Subject:** Covanta Holding Corporation - Request for Information - Barth Smelting  
**Attachments:** August 1997 Ogden Corporation 104e Response\_Barth Smelting.pdf

William,

This email will serve to memorialize our conversation earlier today, in which you agreed on behalf of USEPA to grant Covanta Holding Corporation additional time in which to respond to the Request for Information dated July 15, 2016 to Stephen J. Jones re: Barth Smelting Superfund Site. The Request for Information was delivered to Covanta Holding Corporation via certified mail on Friday, July 22<sup>nd</sup>, therefore our original response date was Friday, August 19<sup>th</sup>. With the extension, our revised response date is September 16, 2016.

As we discussed, the extension of time is necessary to ensure that Covanta Holding Corporation has located any and all information that may still exist with respect to Barth Smelting, beyond that submitted by Ogden Corporation to EPA in 1997 in response to a Passaic River Superfund 104(e) request. I have attached a .pdf copy of the response (w/o attachments); I will send a complete "hard copy" of the response (including attachments) to you via regular mail. To the best of my knowledge this information comprises the complete package that was submitted to EPA by Ogden; the documents were obtained from EPA via a FOIA request in 2003.

Finally, as will be explained fully in our forthcoming response to Request for Information, Covanta Energy Corporation, formerly known as Ogden Corporation, together with certain of its subsidiaries, filed voluntary Chapter 11 petitions on April 1, 2002. In re Ogden New York Services, Inc., No. 02-40826 (CB) *et al.* Covanta Energy Corporation emerged from Chapter 11 reorganization on March 4, 2004 ("Reorganized Covanta") and Reorganized Covanta was acquired by Danielson Holding Corporation, now known as Covanta Holding Corporation. Any liability that Ogden Corporation n/k/a Covanta Energy Corporation was alleged to have in respect of Barth Smelting was discharged in Chapter 11.

Thank you for your consideration.

Nancy Tammi

**Nancy Tammi**

Vice President, Associate General Counsel



445 South Street, 4<sup>th</sup> Floor  
Morristown, NJ 07960  
Tel: 862-345-5133  
Email: [ntammi@covanta.com](mailto:ntammi@covanta.com)  
<http://covanta.com>

**Our mission is to ensure no waste is ever wasted.**



OGDEN CORPORATION  
TWO PENNSYLVANIA PLAZA  
NEW YORK, N. Y. 10121

J. L. EFFINGER  
ASSOCIATE COUNSEL AND  
ASSISTANT SECRETARY  
(212) 868-6126

August 21, 1997

**FEDERAL EXPRESS**

Mr. Pat Evangelista  
Emergency & Remedial Response Division  
U.S. Environmental Protection Agency  
290 Broadway, 19<sup>th</sup> Floor  
New York, New York 10007-1866

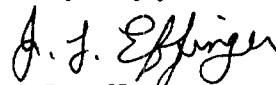
**Re: United States Environmental Protection Agency (the "EPA") Second  
Request for Information concerning the Passaic River and Barth  
Smelting and Refining Corp. (the Diamond Alkali Superfund Site),  
Operable Unit 2, dated July 1, 1997**

Dear Mr. Evangelista:

Enclosed herewith is Ogden's response (including exhibits) to the subject Request for Information (dated July 1, 1997) which was due thirty (30) calendar days after receipt of the Request for Information by Ogden. However, as discussed with Ogden's counsel, Hugh Fryer, Esq., the EPA consented to extend the due date of Ogden's response until August 22, 1997.

Should you need additional information or if I can be of further assistance in this matter please feel free to call me at (212)868-6126 or Mr. Fryer at (212)286-0099.

Very truly yours,

  
J. L. Effinger

JLE/rd  
Enclosure

cc: Ms. Amelia Wagner, Asst. Regional Counsel  
Office of Regional Counsel  
U.S. Environmental Protection Agency  
290 Broadway, 17<sup>th</sup> Floor  
New York, New York 10007-1866

Hugh Fryer, Esq.  
Fryer Ross & Gowen  
551 Fifth Avenue  
New York, New York 10176

854240001

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Copy of Request for Information concerning the former operations of Barth Smelting and Refining Corp.-Diamond Akali Superfund Site received July 1, 1997 and Ogden's response thereto. ....	1
Plan and Agreement of Reorganization between Ogden Corporation, Otto Barth, Ernest Barth, Harvey M. Lewin, Colman Abbe, as trustees for the benefit of the children of Otto and Ernest Barth and Felice Barth dated January 31, 1968 .....	2
Certificate of Merger of Barth Smelting Corp., Barth Metals Co. Inc., and Barth Smelting & Refining Works, Inc. into Barth Smelting & Refining Works, Inc. filed July 31, 1969. ....	3
Agreement of Merger by and between Barth Smelting & Refining Works, Inc., Barth Smelting Corp., and Barth Metals Co., Inc. filed July 31, 1969. Barth Smelting & Refining Works, Inc. changed its name to Barth Smelting & Refining Corp. ....	3
Certificate of Ownership and Merger merging Barth Smelting & Refining Corp. into I. Schumann & Company filed December 30, 1976. This Certificate also changed the name of I. Schumann & Company to Ogden Alloys, Inc. ....	4
Certificate of Ownership and Merger merging Ogden Alloys, Inc. into Ogden Metals, Inc. filed December 9, 1980. ....	5
Certificate of Ownership and Merger merging Ogden Metals, Inc. into Ogden American Corporation filed April 3, 1984. ....	6
Certificate of Ownership and Merger merging Ogden American Corporation into Ogden Management Corporation dated April 4, 1984. ....	7
Certificate of Ownership and Merger merging Ogden Management Corporation into Ogden Corporation dated January 2, 1987. ....	8
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Waste Effluent Survey dated March 23, 1972 for Barth Smelting & Refining Corp. ....	13

**Dated: August 21, 1997**

**United States Environmental Protection Agency  
Request for Information**

**Question**

1). If your company no longer operates at this facility, during what years did your company operate at the facility?

**Answer to Question 1).**

On January 31, 1968 Ogden Corporation purchased all of the issued and outstanding stock of the Barth Smelting Corp., Barth Smelting and Refining Works, Inc., Barth Metals Co., Inc. (collectively the "Barth Corporations") and Alloymental Trucking Corp. from Otto Barth, Ernest Barth, Harvey M. Levin and Coleman Abbe, Trustees and Felice Barth (copy of the Plan and Agreement of Reorganization is attached hereto under Tab No.2). The Barth Corporations operated at the site from January 1, 1968 until June 1978, at which time it ceased operations at this site and liquidated its business.

**Question**

2). Provide the name of all parties who owned or operated the facility during the period from 1940 through the present. Describe the relationship, if any, of each of those parties with your company.

**Answer to Question 2).**

To Ogden's knowledge, the stockholders named in Answer to Question 1) owned and operated the Barth Corporations at all times prior to Ogden's acquisition in 1968. Thereafter, until June 1978 it was operated by the companies as described in the answer to Question 4) below. Prior to the foregoing acquisition there was no relationship between the foregoing parties and Ogden. At the time of the foregoing acquisition, Ogden was a diversified holding company engaged principally in manufacturing and conducted business solely through its subsidiaries. Ogden had no involvement in the day to day operations of any of its subsidiaries, including the Barth Corporations. It was Ogden's policy to purchase companies, retain the existing management of such company, and to operate the company as a subsidiary in the same manner and with the same management as it was operated prior to its purchase by Ogden.

During the period of time that Ogden owned the Barth Corporations (subsequently the Barth Smelting & Refining Corp. and later the Barth Division) they were operated as indirect subsidiaries of Ogden by the same management that operated the companies at the time of their purchase.



### **Question**

3). Does your company have a permit or permits issued pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. If your company has an EPA Identification Number, state it in your answer to this question.

### **Answer to Question 3).**

Ogden has no permits issued pursuant to the Resource Conservation and Recovery Act and has no EPA Identification Number. After a diligent search Ogden has been unable to locate any of the files, documents, records, etc. concerning the operations of the Barth Corporations since its discontinuance of operations almost 20 years ago. Ogden has no knowledge as to whether or not any such permits existed.

### **Question**

4). When was Barth Smelting and Refining Corporation merged into Ogden Alloys, Inc.? Please provide documents memorializing the merger and reflecting all agreements between the companies including, but not limited to, responsibilities, liabilities, and management with regard to Barth Smelting & Refining.

### **Answer to Question 4).**

On July 17, 1969 Barth Smelting Corp. and Barth Metals Co., Inc. were merged into Barth Smelting and Refining Work, Inc. and the name was changed to Barth Smelting & Refining Corp. (See Tab No. 3). Barth Smelting and Refining Corp. conducted operations at the facility from January 1, 1968 until June, 1978. On January 1, 1977 Barth Smelting & Refining Corp. was merged into I. Schumann & Company, a wholly-owned indirect subsidiary of Ogden, which changed its name to Ogden Alloys, Inc. Thereafter, Barth Smelting & Refining Corp. and I. Schumann & Company were operated as the Schumann Division and Barth Division of Ogden Alloys, Inc. During March 1978 the assets of the Schuman Division were sold and in June 1978 the Barth Division ceased operations, sold all of its assets and liquidated its business (evidence of the foregoing merger and name change are attached hereto under Tab No. 4). Thereafter, on December 9, 1979 Ogden Alloys, Inc. was merged into Ogden Metals, Inc. (See Tab No. 5), on April 3, 1984 Ogden Metals, Inc. was merged into Ogden American Corporation (See Tab No. 6) and on April 4, 1984 Ogden American Corporation was merged into Ogden Management Corporation (See Tab No. 7) and on January 2, 1987 Ogden Management Corporation was merged into Ogden Corporation (See Tab No. 8).

### **Question**

5). Please provide documents memorializing the sale of Barth Smelting and Refining to North American Smelting Company and reflecting all agreements between the companies including, but not limited to, continuing responsibilities and liabilities held by Ogden Corporation.

**Answer to Question 5). Above:**

Barth Smelting and Refining Corp. was not sold to North American Smelting Company, its operations were shut down and the business liquidated in June 1978 (See Answers to Questions 1 through 4 above). However, during 1978 negotiations for the sale of the Barth Division to North American Smelting Company were conducted but an agreement acceptable to both parties could not be reached and negotiations were terminated.

**Question**

6). Did your company receive, utilize, manufacture, discharge, release or dispose of any materials containing the following substances:

	YES	NO
2, 3, 7, 8 tetracholorodibenzo-p-dioxin or other dioxin compounds	_____	_____
Cadmium	_____	_____
Copper	_____X_____	_____
Mercury	_____	_____
Lead	_____	_____
Nickel	_____	_____
Zinc	_____	_____

**Answer to Question 6).**

Based on descriptions contained in Ogden's 1977 Form 10-K (See Tab No. 12) the Barth Division operations engaged principally in the recycling of copper base, non-ferrous scrap metals into specification alloys of copper, bronze and brass ingots through a smelting and refining process in furnaces located at the site. Therefore, it is possible that other listed materials besides Copper would have been utilized in the smelting process.

**Question**

7).a). Provide a description of the manufacturing processes for which all hazardous substances, including, but not limited to, the substances listed in response to item (6), were a product or by-product.

**Answer to Question 7).a).**

As stated in answer to Question 2) above Ogden had no involvement in the day to day operations of the Barth Division. All operations were performed by the management and employees of Barth who were with the company when it was first purchased by Ogden. At various times during the period that Ogden owned Barth the operating management of the Barth operations consisted of the following:

Otto Barth	-	Chairman and CEO
Ernest Barth	-	President
Mr. Robert Herman	-	Vice President
Peter Brull	-	Vice President
Ralph Spector	-	Vice President
William M. Brammer	-	Vice President

None of the foregoing are employed by Ogden currently and Ogden has been unsuccessful in locating the whereabouts of Mr. Herman, Mr. Brull and Mr. Spector, we believe that Otto Barth and William Brammer are deceased and have been unsuccessful in reaching Mr. Ernest Barth at (212)752-8535, 425 East 58<sup>th</sup> Street, New York, New York. We are continuing to attempt to locate the whereabouts of Mr. Herman, Brull and Spector and to contact Mr. Ernest Barth.

#### **Question**

7).b). During what parts of the manufacturing processes identified in the response to items (7)(a), above, were hazardous substances, including, but not limited to, the substances listed in response to item (6), generated? Describe the chemical composition of these hazardous substances. For each process, what amount of hazardous substances was generated per volume of finished product? Were these hazardous wastes from other processes? Is so, wastes from what processes?

#### **Answer to Question 7).b).**

See answer to Question 2). and 7)a) above. Ogden has no knowledge or documents relative to the above.

#### **Question**

8). Describe the methods of collection, storage, treatment, and disposal of all hazardous substances, including, but not limited to, the substances listed in response to item (6). Include information on the following:

- a) If hazardous substances were taken off-site by a hauler or transporter, provide the names and addresses of the waste haulers and the disposal site locations.
- b) Describe all storage practices employed by your company with respect to all hazardous substances from the time operations commenced until the present. Include all on-site and off-site storage activities.
- c) Describe all storage locations at the facility. Include in your description whether there was a containment system around the storage area.

**Answer to Questions 8)a, b, c.**

See answer to Question 2) and 7)a) above. Ogden has no knowledge or documents relative to the above.

**Question**

9)a) For process waste waters generated at the facility which contained any hazardous substances, including, but not limited to, the substances listed in response to item (6), did the waste stream connect to a sanitary sewer and if so, during what years? Were they treated before being discharged to the sanitary sewer and if so, how? If the waste waters were not discharged to the sanitary sewer, where were they disposed and during what years?

b) For floor drains or other disposal drains at the facility, did the waste stream connect to a sanitary sewer and if so, during what years? Were they treated before being discharged to the sanitary sewer and if so, how? If the floor drains or other disposal drains at the facility were not discharged to the sanitary sewer, where did they discharge and during what years?

c) Did any storm sewers, catch basins or lagoons exist at any time at the facility and if so, during what years? If catch basins or lagoons existed, were they lined or un-lined? Where was the discharge from any of these structures released and during what years? Was this discharge treated before its release and if so, how and during what years?

d) Please supply diagrams of any waste water collection or disposal systems on the property.

**Answer to Questions 9)a, b, c, d.**

See answer to Question 2) and 7)a) above. Ogden has no knowledge or documents relative to the above except the Waste Effluent Survey and attachment thereto dated March 23, 1972 (See Tab No. 13) which was secured from the Passaic River Document Repository.

**Question**

10).a). For each hazardous substance, including, but not limited to, the substances listed in response to item (6), identified in the responses to item (7), above, provide the total amount generated during the operation of the facility on an annual basis.

b) Was any hazardous substance, including, but not limited to, the substances listed in response to item (6), identified in the responses to item (7), above, disposed of in the Passaic River or discharged to the Passaic River? If yes, estimate the amount of material discharged to or disposed of in the Passaic River and the frequency with which this discharge or disposal occurred.

**Answer to Questions 10)a, b**

See answer to Question 2) and 7)a) above. Ogden has no knowledge or documents relative to the above.

**Question**

11). Please identify any leaks or spills that occurred at the facility during which or as a result of which any hazardous substances, including, but not limited to, the substances listed in response to item (6), was released on the property of the facility or discharged to the Passaic River. Provide any documents or information relating to these incidents.

**Answer to Question 11).**

See answer to Question 2) and 7)a) above. Ogden has no knowledge or documents relative to the above.

**Question**

12). Provide the date of any leaks or spills of any hazardous substances, including, but not limited to, the substances listed in response to item (6), on the property or into the waste water discharge system at the facility. Provide details of the ultimate disposal of any contaminated materials.

**Answer to Question 12).**

See answer to Question 2) and 7)a) above. Ogden has no knowledge or documents relative to the above.

**Question**

13). Provide all other documents pertaining to the results of any analyses of ground water, surface water, ambient air, and any other environmental media performed at the facility.

**Answer to Question 13).**

See answer to Question 2), and 7)a) above. Ogden has no knowledge or documents relative to the above.

**Question**

14). Please provide all other documents in the possession of Ogden Corporation relating to the smelting, refining, manufacturing or other processes occurring at the former Barth Smelting & Refining Corporation facility. Please provide all information available to and all documents in the possession of Ogden Corporation relating to the disposal of all wastes generated at the former Barth Smelting & Refining Corporation facility.

- a) Provide a copy of each document which relates to the generation, purchase, use, handling, hauling, and/or disposal of all hazardous substances. If you are unable to provide a copy of any document, then identify the document by describing the nature of the document (e.g. letter, file memo, invoice, inventory form, billing record, hazardous waste manifest, etc.). Describe the relevant information contained therein. Identify by name and Tab title the person who prepared the document. If the document is not readily available, state where it is stored, maintained, or why it is unavailable.
- b) Please describe the types of files searched in response to this question, the location of these files, the time spent during this search, and all personnel conducting such search.
- c) Please list all the current or former employees of Ogden Corporation, Ogden Alloys, Inc., Ogden Metals or Barth Smelting & Refining contacted in response to this question, including their names and their last known address.

**Answer to Questions 14). a, b, c.**

See answer to Question 2), 7)a) and 17) above concerning Question 14)a), b) and c). Ogden has no knowledge or documents relative to the above.

**Question**

15). Please provide all information available to and all documents in the possession of Ogden Corporation relating to the criminal charges lodged against Barth Smelting & Refining relating to its discharges of material to the Passaic River (The United States of America vs. Barth Smelting & Refining Corp., Doc No. 74-266). This includes documentation on the amount of material released to the Passaic River and its chemical composition as well as the documentation provided by Mr. Joseph Mariano and Mr. Kenneth Hult in that case.

**Answer to Question 15).**

No one at Ogden nor any of the individuals listed in the answer to Question 17) have any knowledge or recollection of the criminal action against Barth nor were they familiar with the names of Joseph Mariano and Kenneth Hult referred to in Question 15). Ogden has requested a copy of Doc No. 74-266 from the Federal Court but as of the date hereof have not received a copy thereof. As soon as such document is received same shall be forwarded to your attention.

### **Question**

16). Answer the following questions regarding your business or company. In identifying a company that no longer exists, provide all the information requested, except for the agent for service of process. If your company did business under more than one name, list each name.

- a) State the legal name of your company.
- b) State the name and address of the president or the chairman of the board, or other presiding officers of your company.
- c) Identify the state of incorporation of your company and your company's agent for service of process in the state of incorporation and in New Jersey.
- d) Provide a copy of your company's "Certificate of Incorporation" and any amendments thereto.
- e) If your company is a subsidiary or affiliate of another company, or has subsidiaries, or is a successor to another company, identify these related companies. For each related company, describe the relationship to your company; indicate the date and manner in which each relationship was established.
- f) Identify any predecessor organization and the dates that such company became part of your company.
- g) Identify any other companies which were acquired by your company or merged with your company.
- h) Identify the date of incorporation, state of incorporation, agents for service of process in the state of incorporation and New Jersey, and nature of business activity, for each company identified in the responses to items (11)(e), (f), and (g), above.
- i) Identify all previous owners or parent companies, address, and the date change in ownership occurred.

### **Answer to Questions 16). a through i**

- a) Ogden Corporation
- b) R. Richard Ablon - Chairman of the Board, President and CEO, Two Pennsylvania Plaza, 25<sup>th</sup> Floor, New York, New York 10121.
- c) Incorporated in Delaware on August 4, 1939; Prentice-Hall Corporation System, Inc. is Agent for service process in Delaware; Ogden is not qualified in the state of New Jersey.
- d) See Tab Number 9.
- e) See Tab Number 10 for a list of Ogden's subsidiaries.

- f) Not Applicable.
- g) See Answer to Question 4) and Tab Number 10. Ogden was incorporated in 1939 and over the past fifty-eight years has purchased and merged many different companies.
- h) See Answer to Question 16)c) above and see Ogden's 1996 Form 10-K attached under Tab Number 11.
- i) Ogden is a publicly held company whose stock is traded over the New York Stock Exchange.

**Question**

17). Provide the name, address, telephone number, title and occupation of the person(s) answering this "Request for Information" and state whether such person(s) has personal knowledge of the responses. In addition, identify each person who assisted in any way in responding to the "Request for Information" and specify the question to which each person assisted in responding.

**Answer to Question 17).**

**Person Answering the "Request for Information"**

J.L. Effinger, Assistant Secretary  
Ogden Corporation  
Two Pennsylvania Plaza, 25<sup>th</sup> Floor  
New York, New York 10121  
Telephone: (212)868-6126  
Facsimile: (212)868-5714

Mr. Effinger has no personal knowledge of any of the responses except those relating to Ogden Corporation.

The following persons were contacted concerning this request but none were familiar with the day to day operations of the Barth Division and were unable to give any definitive answer to any of the questions:

Robert M. DiGia, Vice President and Controller  
Ogden Corporation  
Two Pennsylvania Plaza, 25<sup>th</sup> Floor  
New York, New York 10121  
Telephone: (212)868-6116

Ralph E. Ablon (Former President & Chairman of the Board of Ogden)  
Ogden Corporation  
Two Pennsylvania Plaza, 25<sup>th</sup> Floor  
New York, New York 10121  
Telephone: (212)868-4211



Peter Allen, Senior Vice President and General Counsel  
Ogden Services Corporation  
Two Pennsylvania Plaza, 25<sup>th</sup> Floor  
New York, New York 10121  
Telephone: (212)868-6056

Donald A. Krenz (Former Senior Vice President and General Counsel of Ogden)  
19 Beachside Common  
Westport, CT 06880  
Telephone: (203)227-2586

Edward J. Joyce (Former Associate Counsel of Ogden & Attorney for the Metals Operations)  
Connell Limited Partnership  
One International Place  
Fort Hill Square  
Boston, MA 02110  
Telephone: (617)737-2700

Robert Curry, Jr. (Former Senior Vice President & General Counsel of Ogden)  
Sonnenschein Nath & Rosenthal  
1221 Avenue of the Americas, 24<sup>th</sup> Floor  
New York, New York 10020  
Telephone: (212)768-6700

**CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION**

State of New York

County of New York :

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA Request for Information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I am also aware that my company is under a continuing obligation to supplement its response to EPA's Request for Information if any additional information relevant to the matters addressed in EPA's Request for Information or the company's response thereto should become known or available to the company.

J. L. Effinger  
NAME (print or type)

Assistant Secretary  
TITLE (print or type)

J. L. Effinger  
SIGNATURE

Sworn to before me this 21<sup>st</sup>  
day of August, 1997.

Hamite Arif  
NOTARY PUBLIC

**HAMITE ARIF**  
Notary Public, State of New York  
No. 41-4798991  
Qualified in Queens County  
Certificate Filed in New York County  
Commission Expires Aug. 31, 1997



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2  
290 BROADWAY  
NEW YORK, NY 10007-1866

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Isaac Palmer, Vice President  
Ogden Services Corporation  
Two Pennsylvania Plaza  
New York, NY 10121

Re: Request for Information Pursuant to 42 U.S.C. §9601 et seq.  
Diamond Alkali Superfund Site, Operable Unit 2

Dear Mr. Palmer:

The United States Environmental Protection Agency ("EPA") has reviewed your response, dated February 15, 1995, to our initial "Request for Information", which was dated January 26, 1995. As we indicated in our Second Request for Information, dated November 14, 1995, EPA believes that your response was not adequate. From your February 1995 response, it is clear that you have information with regard to the operation of Barth Smelting & Refining by Ogden Alloys, information on Ogden Services Corporation, and a Sales Agreement between Ogden Alloys and North American Smelting Company. Further, as indicated in our November 1995 letter to you, it appears that you have not performed a complete investigation to identify additional information. This investigation would include consulting with current and former employees of Ogden Alloys and Barth Smelting & Refining.

Insofar as EPA has not yet received a response to this Second Request for Information, EPA is retransmitting it to you. As with the earlier Requests, EPA transmits this to you pursuant to Section 104 of CERCLA, 42 U.S.C. §9604. You must answer the questions in Attachment A of this letter and include documents supporting your responses. The "Certification of Answers to Request for Information," must be attached to your response with your notarized signature. In preparing your response to this "Request for Information," please follow the instructions provided in Attachment B.

Your response to this "Request for Information" should be postmarked or received by EPA within 30 calendar days of your receipt of this letter. Your response should be mailed to:

854240014

Mr. Pat Evangelista  
Emergency & Remedial Response Division  
U.S. Environmental Protection Agency  
290 Broadway, 19th Floor  
New York, New York 10007-1866

with a copy to Ms. Amelia Wagner, Assistant Regional Counsel, Office of Regional Counsel, on the 17th floor at the same address.

Please note that your failure to respond to this "Request for Information" within the time specified above may subject you to an enforcement action under Section 104(e)(5) of CERCLA, 42 U.S.C. § 9604(e)(5). An enforcement action may include the assessment of penalties of up to \$25,000 for each day of continued noncompliance.

Be further advised that you are under a continuing obligation to supplement your response if information not known or not available to you as of the date of submittal of your response should later become known or available. If you obtain or become aware of additional information and/or find that any portion of the submitted information is false, misleading or misrepresents the truth, you must promptly notify EPA. If any part of your response is found to be untrue, you may be subject to criminal prosecution.

You may assert a business confidentiality claim covering all or part of the information requested by this letter. The claim must be supported by each of the four factors specified in Section 104(e)(7)(E) of CERCLA, 42 U.S.C. § 9604(e)(7)(E), and must be asserted at the time of submittal, by placing on (or attaching to) the information a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret" or "proprietary" or "company confidential." Information covered by such a claim will be disclosed by EPA only to the extent and by procedures set forth in Title 40 C.F.R. Part 2, Subpart B. If no such claim accompanies the information when it is received by EPA, it may be made available to the public by EPA without further notice to you.

If you have any questions concerning this "Request for Information," please contact Mr. Evangelista of my staff, at (212) 637-4403 or Ms. Wagner at (212) 637-3141. Inquiries from attorneys should be directed to Ms. Wagner.

Sincerely yours,



Richard L. Caspe, Director  
Emergency and Remedial Response Division

Attachments

854240015

NOV 14 1995

EXPRESS MAIL  
RETURN RECEIPT REQUESTED

Mr. Isaac Palmer, Vice President and Assistant General Counsel  
Ogden Services Corporation  
Two Pennsylvania Plaza  
New York, NY 10121

Re: Second Request for Information Under 42 U.S.C. §9601 et seq.  
Diamond Alkali Superfund Site, Operable Unit 2

Dear Mr. Palmer:

The United States Environmental Protection Agency ("EPA") has reviewed your response to our "Request for Information" letter dated January 26, 1994. Your response dated February 15, 1995 was inadequate. While you stated that you had no information or records that would be responsive to our request, it is clear that you at least have information with respect to when Ogden Alloys operated Barth Smelting and Refining, information on Ogden Services Corporation, and a copy of the sales agreement between Ogden Alloys, Inc., and North American Smelting Company. In addition, it appears that you have not performed a complete investigation (including consulting with current and former employees) as instructed to determine if any further information responsive to our request is available.

Therefore, EPA is submitting this second "Request for Information". You must answer the questions in Attachment A of this letter and include documents supporting your responses. The "Certification of Answers to Request for Information," must be attached to your response with your notarized signature.

EPA makes this request pursuant to Section 104 of CERCLA, 42 U.S.C. § 9604. All the statutory provisions and instructions in EPA's prior "Request for Information" letters are applicable to the information requested in this letter. In preparing your response to this "Request for Information," please follow the instructions provided in Attachment B.

Your response to this "Request for Information" should be postmarked or received by EPA within thirty (30) calendar days of your receipt of this letter. Your response should be mailed to:

854240016

Mr. Lance R. Richman, P.G.  
Emergency and Remedial Response Division  
U.S. Environmental Protection Agency  
290 Broadway, 19th Floor  
New York, New York 10007-1866

with a copy to Ms. Amelia Wagner, Assistant Regional Counsel,  
Office of Regional Counsel, 17th Floor at the same address.

Your failure to respond to this "Request for Information" within the time specified above may subject you to an enforcement action under Section 104(e)(5) of CERCLA, 42 U.S.C. §9604(e)(5), and/or Section 3008 of RCRA, 42 U.S.C. §6928. An enforcement action may include the assessment of penalties of up to \$25,000 for each day of continued noncompliance.

Be advised that you are under a continuing obligation to supplement your response if information not known or not available to you as of the date of submission of your response should later become known or available. If at any time in the future you obtain or become aware of additional information and/or find that any portion of the submitted information is false, misleading or misrepresents the truth, you must promptly notify EPA. If any part of your response is found to be untrue, you may be subject to criminal prosecution.

If desired, you may assert a business confidentiality claim covering all or part of the information requested by this letter. The claim must be supported by each of the four factors specified in Section 104(e)(7)(E) of CERCLA, 42 U.S.C. §9604(e)(7)(E), and must be asserted at the time of submission, by placing on (or attaching to) the information a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret" or "proprietary" or "company confidential." Information covered by such a claim will be disclosed by EPA only to the extent and by means of procedures set forth in Title 40 C.F.R. Part 2, Subpart B. If no such claim accompanies the information when it is received by EPA, it may be made available to the public by EPA without further notice to you.

If you have any questions concerning this "Request for Information," please contact Mr. Richman, of my staff, at (212) 637-4409 or Ms. Wagner at (212) 637-3141. Inquiries from attorneys should be directed to Ms. Wagner.

Sincerely yours,

Kathleen C. Callahan, Director  
Emergency and Remedial Response Division

Attachments

854240017

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION

State of \_\_\_\_\_

County of \_\_\_\_\_:

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA Request for Information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I am also aware that my company is under a continuing obligation to supplement its response to EPA's Request for Information if any additional information relevant to the matters addressed in EPA's Request for Information or the company's response thereto should become known or available to the company.

\_\_\_\_\_  
NAME (print or type)

\_\_\_\_\_  
TITLE (print or type)

\_\_\_\_\_  
SIGNATURE

Sworn to before me this  
day of \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_  
Notary Public

ATTACHMENT A

REQUEST FOR INFORMATION

Background

The United States Environmental Protection Agency ("EPA") is investigating the release of hazardous substances into the Passaic River. EPA has information indicating that hazardous substances from your facility located at 99 Chapel Street in Newark, New Jersey may have been discharged into the Passaic River.

Provide the information requested below, including copies of all available documentation that supports your answers.

1) If your company no longer operates at this facility, during what years did your company operate at the facility?

2) Provide the names of all parties who owned or operated the facility during the period from 1940 through the present. Describe the relationship, if any, of each of those parties with your company.

3) Does your company have a permit or permits issued pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. If your company has an EPA Identification Number, state it in your answer to this question.

4) When was Barth Smelting and Refining Corporation merged into Ogden Alloys, Inc.? Please provide documents memorializing the merger and reflecting all agreements between the companies including, but not limited to, responsibilities, liabilities, and management with regard to Barth Smelting & Refining.

5) Please provide documents memorializing the sale of Barth Smelting and Refining to North American Smelting Company and reflecting all agreements between the companies including, but not limited to, continuing responsibilities and liabilities held by Ogden Corporation.

6) Did your company receive, utilize, manufacture, discharge, release or dispose of any materials containing the following substances:

	Yes	No
2,3,7,8 tetrachlorodibenzo-p-dioxin	_____	_____
or other dioxin compounds	_____	_____
Cadmium	_____	_____
Copper	_____	_____
Mercury	_____	_____
Lead	_____	_____
Nickel	_____	_____
Zinc	_____	_____

7)a) Provide a description of the manufacturing processes for which all hazardous substances, including, but not limited to, the substances listed in response to item (6), were a product or by-product.



b) During what parts of the manufacturing processes identified in the response to items (7)(a), above, were hazardous substances, including, but not limited to, the substances listed in response to item (6), generated? Describe the chemical composition of these hazardous substances. For each process, what amount of hazardous substances was generated per volume of finished product? Were these hazardous wastes combined with wastes from other processes? If so, wastes from what processes?

8) Describe the methods of collection, storage, treatment, and disposal of all hazardous substances, including, but not limited to, the substances listed in response to item (6). Include information on the following:

a) If hazardous substances were taken off-site by a hauler or transporter, provide the names and addresses of the waste haulers and the disposal site locations.

b) Describe all storage practices employed by your company with respect to all hazardous substances from the time operations commenced until the present. Include all on-site and off-site storage activities.

c) Describe all storage locations at the facility. Include in your description whether there was a containment system around the storage area.

9)a) For process waste waters generated at the facility which contained any hazardous substances, including, but not limited to, the substances listed in response to item (6), did the waste stream connect to a sanitary sewer and if so, during what years? Were they treated before being discharged to the sanitary sewer and if so, how? If the waste waters were not discharged to the sanitary sewer, where were they disposed and during what years?

b) For floor drains or other disposal drains at the facility, did the waste stream connect to a sanitary sewer and if so, during what years? Were they treated before being discharged to the sanitary sewer and if so, how? If the floor drains or other disposal drains at the facility were not discharged to the sanitary sewer, where did they discharge and during what years?

c) Did any storm sewers, catch basins or lagoons exist at any time at the facility and if so, during what years? If catch basins or lagoons existed, were they lined or un-lined? Where was the discharge from any of these structures released and during what years? Was this discharge treated before its release and if so, how and during what years?

d) Please supply diagrams of any waste water collection or disposal systems on the property.

10)a) For each hazardous substance, including, but not limited to, the substances listed in response to item (6), identified in the

responses to item (7), above, provide the total amount generated during the operation of the facility on an annual basis.

b) Was any hazardous substance, including, but not limited to, the substances listed in response to item (6), identified in the responses to item (7), above, disposed of in the Passaic River or discharged to the Passaic River? If yes, estimate the amount of material discharged to or disposed of in the Passaic River and the frequency with which this discharge or disposal occurred.

11) Please identify any leaks or spills that occurred at the facility during which or as a result of which any hazardous substances, including, but not limited to, the substances listed in response to item (6), was released on the property of the facility or discharged to the Passaic River. Provide any documents or information relating to these incidents

12) Provide the date of any leaks or spills of any hazardous substances, including, but not limited to, the substances listed in response to item (6), on the property or into the waste water discharge system at the facility. Provide details of the ultimate disposal of any contaminated materials.

13) Provide all other documents pertaining to the results of any analyses of ground water, surface water, ambient air, and any other environmental media performed at the facility.

14) Please provide all documents in the possession of Ogden Corporation relating to the smelting, refining, manufacturing or other processes occurring at the former Barth Smelting & Refining Corporation facility. Please provide all information available to and all documents in the possession of Ogden Corporation relating to the disposal of all wastes generated at the former Barth Smelting & Refining Corporation facility.

a) Provide a copy of each document which relates to the generation, purchase, use, handling, hauling, and/or disposal of all hazardous substances. If you are unable to provide a copy of any document, then identify the document by describing the nature of the document (e.g. letter, file memo, invoice, inventory form, billing record, hazardous waste manifest, etc.). Describe the relevant information contained therein. Identify by name and job title the person who prepared the document. If the document is not readily available, state where it is stored, maintained, or why it is unavailable.

b) Please describe the types of files searched in response to this question, the location of these files, the time spent during this search, and all personnel conducting such search.

c) Please list all of the current or former employees of Ogden Corporation, Ogden Alloys, Inc., Ogden Metals or Barth Smelting & Refining contacted in response to this question, including their names and their last known address.

15) Please provide all information available to and all documents in the possession of Ogden Corporation relating to the criminal charges lodged against Barth Smelting & Refining relating to its discharges of material to the Passaic River (The United States of America vs. Barth Smelting & Refining Corp., Doc No. 74-266). This includes documentation on the amount of material released to the Passaic River and its chemical composition as well as the documentation provided by Mr. Joseph Mariano and Mr. Kenneth Hult in that case.

16) Answer the following questions regarding your business or company. In identifying a company that no longer exists, provide all the information requested, except for the agent for service of process. If your company did business under more than one name, list each name.

- a) State the legal name of your company.
- b) State the name and address of the president or the chairman of the board, or other presiding officers of your company.
- c) Identify the state of incorporation of your company and your company's agent for service of process in the state of incorporation and in New Jersey.
- d) Provide a copy of your company's "Certificate of Incorporation" and any amendments thereto.
- e) If your company is a subsidiary or affiliate of another company, or has subsidiaries, or is a successor to another company, identify these related companies. For each related company, describe the relationship to your company; indicate the date and manner in which each relationship was established.
- f) Identify any predecessor organization and the dates that such company became part of your company.
- g) Identify any other companies which were acquired by your company or merged with your company.
- h) Identify the date of incorporation, state of incorporation, agents for service of process in the state of incorporation and New Jersey, and nature of business activity, for each company identified in the responses to items (11)(e), (f), and (g), above.
- i) Identify all previous owners or parent companies, address, and the date change in ownership occurred.

17) Provide the name, address, telephone number, title and occupation of the person(s) answering this "Request for Information" and state whether such person(s) has personal knowledge of the responses. In addition, identify each person who assisted in any way in responding to the "Request for Information" and specify the question to which each person assisted in responding.

**ATTACHMENT B**

**INSTRUCTIONS FOR RESPONDING TO REQUEST FOR INFORMATION**

1. A complete separate response must be made to each individual question in this "Request for Information".
2. Precede each answer with the number of the question to which it is addressed.
3. In preparing your response to each question, consult with all current or former employees and agents of your company who may be familiar with the matter to which the question pertains, as well as all documents in the custody of or under the control of PVSC.
4. Interpret "and" as well as "or" to include within the scope of the question as much information as possible. If two interpretations of a question are possible, use the one that provides more information.
5. If you are unable to give a detailed and complete answer or to provide any of the information or documents requested, indicate the reasons for your inability to do so.
6. If you have reason to believe that an individual other than one employed by your company may be able to provide additional details or documentation in response to any question, state that person's name, last known address, phone number and the reasons for your belief.
7. For each document produced in response to this "Request for Information", indicate on the document, or in some other reasonable manner, the number of the question to which it applies.
8. If anything is deleted from a document produced in response to this "Request for Information", state the reason for, and the subject matter of, the deletion.
9. Provide all documents that relate to each question. If a document is requested but is not available, state the reason for its unavailability. In addition, to the best of your ability, identify any such document by author, date, subject matter, number of pages, and all recipients and their addresses.
10. As used herein "relate to" or "relating to" means constituting, defining, containing, embodying, reflecting, identifying, stating, referring to, dealing with, or in any way pertaining to. "Document" as used herein means any recording of information in tangible form, including memoranda, handwritten notes, invoices, checks, manifests, tape recordings, computer databases, or any tangible or physical objects however produced or reproduced upon which words or other information are affixed or recorded or from which by appropriate transcription written matter or a tangible thing may be produced.

11. Whenever in this "Request for Information" there is a request to identify a person or an entity other than a person, state the person or entity's full name, last known employment, present or last known home address, and telephone number.

12. As used herein, the term "facility," "hazardous substance," "person," and "release" shall have the meaning set forth in Section 101(9), (14), (21) and (22) of CERCLA, 42 U.S.C. §9601(9), (14), (21), and (22), respectively.

13. In answering these questions, every source of information to which you have access should be consulted, regardless of whether the source is in your immediate possession or control. All documents or other information in your possession or in the possession of the PVSC should be consulted. If you do not have access to certain information and/or documents, state the nature of this information and/or documents, and indicate in whose possession they can be found.

PLAN AND AGREEMENT OF REORGANIZATION made as of the 31st day of January, 1968, between OGDEN CORPORATION, a Delaware corporation (hereinafter called "Ogden"), OTTO BARTH, residing at 1136 Fifth Avenue, New York, New York (hereinafter called "Otto"), ERNEST BARTH, residing at 1125 Park Avenue, New York, New York (hereinafter called "Ernest"), HARVEY M. LEWIN and COLMAN ABBE, as trustees for the benefit of the children of Otto and Ernest (hereinafter called the "Trustees"), and FELICE BARTH, residing at 1136 Fifth Avenue, New York, New York (hereinafter called "Felice") (Otto, Ernest, the Trustees and Felice are hereinafter sometimes collectively called the "Transferors"),

WHEREAS, (A) The Transferors own all of the issued and outstanding common and preferred shares of BARTH SMELTING CORP., a New York corporation (hereinafter called "Barth Smelting"), BARTH SMELTING & REFINING WORKS, INC., a New Jersey corporation (hereinafter called "Barth Works"), BARTH METALS CO. INC., a New York corporation (hereinafter called "Barth Metals"), and ALLOYMETAL TRUCKING CORP., a New Jersey corporation (hereinafter called "Trucking") (all of which corporations are hereinafter sometimes collectively called the "Barth Corporations"); and

(B) The Plan of Reorganization will comprise the assignment and transfer by the Transferors to Ogden of all of the issued and outstanding common and preferred shares of the Barth Corporations in exchange solely for shares of Voting Common Stock of Ogden; all upon and subject to the terms and conditions of the agreement hereinafter set forth.

#### AGREEMENT

In order to consummate the foregoing Plan of Reorganization and in consideration of the premises and the mutual benefits to be derived therefrom and of the mutual agreements, representations and undertakings hereinafter contained, the parties hereto do hereby agree as follows:

##### 1. TRANSFER AND DELIVERY OF SHARES

1.01 At the Closing, the Transferors shall convey, assign, transfer and deliver to Ogden all of the issued and outstanding common and preferred shares of the Barth Corporations. Such conveyance, assignment, transfer and delivery shall be effected by the delivery to Ogden of certificates representing such shares duly endorsed for transfer to Ogden by the Transferors and with any applicable docu-

mentary tax stamps affixed. Simultaneously therewith, the Transferors shall deliver to Ogden the resignations of the present officers and directors of the Barth Corporations.

1.02 At the Closing Ogden shall deliver or cause to be delivered to the Transferors certificates representing 200,000 shares of Voting Common Stock of Ogden, subject to reduction in accordance with the provisions of Section 9 of this Agreement, to be allocated among the Transferors as set forth on the schedule attached hereto as Exhibit A. The certificates to be delivered to each Transferor shall be in such denominations and registered in such names as such Transferor may request in writing; provided, not less than 10 days prior to the Closing the Transferors shall specify the number of certificates and the number of shares to be represented by each certificate, provided further that, in no event, shall Ogden be required to deliver more than 50 certificates.

## 2. CLOSING

The Closing shall take place at the office of First National Bank of Jersey City, One Exchange Place, Jersey City, New Jersey, at 10:00 A.M. on February 29, 1968 or at such other place and time as may be agreed upon by Ogden and Otto and Ernest.



3. REPRESENTATIONS AND WARRANTIES OF OTTO  
AND ERNEST AND THE BARTH CORPORATIONS

In order to induce Ogden to enter into this Agreement, the Barth Corporations and Otto and Ernest, jointly and severally, represent and warrant as follows:

3.01 Each of the Barth Corporations is a corporation duly organized, validly existing and in good standing in the jurisdiction in which it is incorporated, and is qualified to do business and in good standing in each jurisdiction where it owns real property or where the nature of its operations requires it to be qualified to do business. The Barth Corporations have no subsidiaries and no equity interest in any other corporation. Annexed as Exhibit B hereto is a true and complete schedule setting forth the date and place of incorporation of each of the Barth Corporations listing each other jurisdiction in which each such corporation is qualified to do business.

3.02 The authorized, issued and outstanding capital stock of each of the Barth Corporations is as set forth on Exhibit C annexed hereto. All shares which are listed as issued and outstanding have been validly issued, are validly outstanding and are fully paid and non-assessable. There are no outstanding options, warrants, agreements or other instru-

ments pursuant to which any person has or may have the right to acquire any share of capital stock or equity interest in any of the Barth Corporations, except with respect to the shares purchased by the Barth Corporations from the Estate of Hugo Simon and the Trustees for David Simon, which shares are now registered in the names of the corporations which issued such shares and which shares are now held in escrow by Marine Midland Grace Trust Company, pursuant to agreements dated October 31, 1967, copies of which have been delivered to Ogden.

3.03 The Barth Corporations have delivered to Ogden (a) their combined balance sheets as of September 30, 1965, September 30, 1966 and September 30, 1967, together with their combined statements of income and retained earnings for the twelve month period ended on each such date, prepared by Belsky and Abbe, Certified Public Accountants, and (b) their combined balance sheets as of December 31, 1965 and December 31, 1966, together with their combined statements of income and retained earnings for the three month period ended on each such date. Such financial statements have been prepared on a consistent basis and present fairly the combined financial condition of the Barth Corporations at such dates and the results

of operations for the respective periods then ended, except that such financial statements do not reflect the liability of the Barth Corporations to the Estate of Hugo Simon and the Trustees for David Simon which liability has otherwise been disclosed to Ogden.

3.04 The Barth Corporations have good and marketable title to all of their respective assets and properties, real and personal (including those reflected on the Combined Balance Sheet of the Barth Corporations as of September 30, 1967 referred to in Section 3.03 of this Agreement and those assets and properties acquired between September 30, 1967 and the date of Closing, except as since sold or otherwise disposed of in the ordinary course of business) free and clear of all liens and encumbrances, except (i) as reflected on such financial statements, (ii) for the liens of current taxes not yet due and payable and (iii) for minor imperfections of title such as easements and the like, which do not impair the marketability or interfere with the use of the properties subject thereto or affected thereby for the purposes for which acquired or utilized.

3.05 All of the material contracts and leases to which any of the Barth Corporations are parties are valid and effective in accordance with their terms and there is not under any of such con-

tracts and leases any existing default by any of the Barth Corporations or any event which with notice or lapse of time would constitute a default by any of the Barth Corporations, except to the extent that Ogden may have been previously notified by the Barth Corporations in writing.

3.06 The Barth Corporations have delivered to Ogden true and complete lists setting forth:

(a) Each piece of real estate owned by the Barth Corporations;

(b) Each of the following to which any of the Barth Corporations are parties or by which any of them are bound:

(i) Each contract for the employment of any officer, or for any employee who receives annual compensation of \$15,000 or more, which by its terms cannot be terminated without penalty within 30 days;

(ii) Each material contract or lease or sublease of real or personal property to which any of the Barth Corporations are bound which extends beyond March 31, 1968 or may involve payments aggregating more than \$25,000;

(iii) Each contract with any labor union or organization;

(iv) Each pension, saving, profit sharing, deferred compensation, retirement retainer, consultant, bonus, insurance, stock option, stock purchase or other incentive plan arrangement or contract or trust agreement relating thereto, in effect with respect to employees or others;

(v) Each indenture, mortgage, deed of trust or other agreement or instrument relating to or constituting a debenture, bond or other evidence of indebtedness under which any of the Barth Corporations are either debtors or guarantors;

(vi) Each material contract not made in the ordinary course of business;

(c) All policies of fire, liability and other forms of insurance held by any of the Barth Corporations;

(d) All patents, patent applications, trademarks, trade names and copyrights owned by any of the Barth Corporations and any patent, trademark or copyright license to which the Barth Corporations may be a party;

(e) All automobiles, trucks or other similar equipment owned by the Barth Corporations.

3.07 Neither the Transferors, nor the Barth Corporations nor any of their officers, directors, employees or representatives have entered into any agreements or arrangements or in any way taken any action which would incur any liabilities on behalf of Ogden, the Barth Corporations or the Transferors for any brokerage commission, finder's or broker's fee, fee for financial advice or services, or other similar payment in connection with the transaction contemplated by this Agreement.

3.08 The reserves for bad debts and doubtful accounts set forth in the Combined Balance Sheet of the Barth Corporations as of September 30, 1967, referred to in Section 3.03 of this Agreement, and set forth on the Combined Balance Sheet of the Barth Corporations as of December 31, 1967 to be prepared in accordance with Section 9 of this Agreement, are adequate. The Barth Corporations have delivered to Ogden a list of all bad debts and doubtful accounts carried on their respective books as of September 30, 1967 which involve indebtedness to the Barth Corporations of \$5,000 or more for any one account or affiliated group of accounts.

3.09 All inventories, including but not limited to, inventories of raw material, finished goods and work in progress of the Barth Corporations as set forth on the Combined Balance Sheets as of September 30, 1967:

(a) Are appropriate and suitable for the type, character and volume of business being conducted and reasonably anticipated by the Barth Corporations;

(b) Except to the extent that reserves have been provided, do not contain, in any significant amount, obsolete, slow-moving or imperfect items other than those which have been written down to net realizable value; and

(c) Are in salable condition on a non-distress basis in accordance with normal commercial practices of similar companies.

3.10 Except as described in a memorandum regarding litigation previously delivered to Ogden by the Barth Corporations, there is no litigation, proceeding or governmental investigation pending, or, so far as known by Otto or Ernest, in prospect or threatened against or relating to any of the Barth Corporations, whether relating to any of the transactions contemplated hereby or otherwise.

3.11 All applicable Federal, state and local tax returns have been filed by the Barth Corporations and the Barth Corporations have paid all amounts due in accordance with such returns. The Federal income tax returns of Barth Corporations have been closed for all years as follows: In the case of Barth Smelting, through the year ended September 30, 1964; in the case of Barth Works, June 30, 1964; in the case of Barth Metals, December 31, 1964. The results of all Federal income tax audits have been properly reflected on the financial statements referred to in Section 3.03 of this Agreement.

3.12 The operations of the Barth Corporations are such that their contracts with the United States of America, and the agencies and subdivisions thereof, are not subject to renegotiation pursuant to the Renegotiation Act of 1951.

3.13 The Transferors have no knowledge that any material lease or contract will be terminated or upon its expiration not renewed or continued; nor of any fact or circumstances reasonably calculated to cause any of them to believe that any essential business relationship in connection with any such material lease or contract has been prejudiced or impaired to the extent that such relationship may not be reasonably expected to continue as heretofore on and after the date of Closing.



3.14 No consent or approval of any governmental department, commission or other agency is required to permit the Transferors to consummate the transactions contemplated by this Agreement.

3.15 The business and operations of the Barth Corporations comply in all material respects with all applicable ordinances, regulations or building and zoning laws or other laws, except as may otherwise have been disclosed in writing to Ogden. The Barth Corporations have the governmental licenses or permits necessary to conduct their business as it is now conducted. A list of such licenses and permits is attached hereto as Exhibit D.

3.16 This Agreement constitutes a valid and binding obligation of each of the Transferors in accordance with its terms and conditions and no further corporate action is required by the Board of Directors or stockholders of any of the Barth Corporations in connection with the transactions contemplated by this Agreement, except that the Barth Corporations (other than "Trucking") must consent to such performance pursuant to the terms of an agreement, dated April 23, 1953, as amended, to which Otto, Ernest, the Trustees and the Barth Corporations (other than "Trucking") were parties. Otto and Ernest will use their best efforts to obtain such consent.

3.17 The execution, delivery and performance of this Agreement by the Transferors does not breach or violate the Certificate of Incorporation or By-Laws of the Barth Corporations or any agreement to which any of the Transferors is a party, except that the Barth Corporations (other than "Trucking") must consent to the transfer of shares pursuant to the terms of the agreement referred to in Section 3.16.

3.18 Since September 30, 1967 and except as specifically referred to in this Agreement, or heretofore disclosed to Ogden in writing, the Barth Corporations:

(a) Have carried on their respective businesses in substantially the same manner as they were carried on prior to such date;

(b) Have not incurred or agreed to incur any obligation or liability (absolute or contingent) except liabilities incurred and obligations under contracts entered into in the ordinary course of business and liabilities incurred in connection with or referred to in this Agreement or documents set forth on lists delivered pursuant to Section 3.06 of this Agreement;

(c) Have not declared or paid any dividends or made any other distributions to their stockholders except a dividend on preferred stock in the amount of \$26,750 paid in January, 1968;

(d) Have not issued or sold any shares of capital stock and

have not acquired for value any shares of capital stock;

(e) Have not granted any option with respect to any share of capital stock; and

(f) Have not entered into and will not enter into any transaction other than in the ordinary course of business.

3.19 All representations and warranties of Otto and Ernest will be true and complete on the date of the Closing and shall survive the Closing until February 28, 1973, or 30 days after the date on which the Barth Corporations shall have settled all of their Federal income tax liabilities for periods ended on or prior to the date of Closing, whichever first occurs.

#### 4. REPRESENTATIONS AND WARRANTIES OF OGDEN

In order to induce the Transferors to enter into this Agreement, Ogden represents and warrants as follows:

4.01 Ogden is a corporation duly organized, validly existing and in good standing under the laws of Delaware. As of December 31, 1967, Ogden's authorized capital stock consisted of 20,000,000 shares of Voting Common Stock, par value 50¢ per share, and 2,500,000 shares of Serial Preferred Stock, par value \$1.00 per share, of which 7,337,362 shares of Common Stock and 1,172,311 shares of \$1.875 Cumulative Convertible Preferred Stock (Series A) were issued and outstanding in the

hands of stockholders other than subsidiaries, 23,735 shares of Common Stock were held in the Treasury of Ogden, 30,617 shares of Common Stock and 36,741 shares of \$1.875 Cumulative Convertible Preferred Stock (Series A) were owned by subsidiaries of Ogden, and 322,906 shares of Common Stock and 6,800 shares of \$1.875 Cumulative Convertible Preferred Stock (Series A) were reserved for issuance upon exercise of stock options which have been granted or assumed by Ogden or may be granted under the 1967 Qualified Stock Option Plan of Ogden. All Voting Common Stock to be issued and delivered to the Transferors hereunder, when issued and delivered, will be validly issued, fully paid and non-assessable, and listed for trading on the New York Stock Exchange, subject to notice of issuance.

4.02 Ogden has delivered to Otto and Ernest the consolidated balance sheet of Ogden and its subsidiaries as of December 31, 1964, December 31, 1965 and December 31, 1966, together with its consolidated statement of income and retained earnings for the twelve month period ended on each such date, certified by Haskins & Sells, and Ogden has delivered to Otto and Ernest the unaudited consolidated balance sheet of Ogden and its subsidiaries as of June 30, 1967, to-

gether with its unaudited consolidated statement of income and retained earnings for the six month period ended on such date. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, and present fairly the consolidated financial condition of Ogden and its consolidated subsidiaries at such dates and the consolidated results of its operations for the specified periods then ended.

4.03 Neither Ogden nor any of its officers, directors, employees or representatives have entered into any agreements or arrangements or in any way taken any action which would incur any liabilities on behalf of the Transferors or the Barth Corporations or any of their officers, directors, employees or representatives for any brokerage commission, finder's or broker's fee, fee for financial advice or services, or other similar payment in connection with the transactions contemplated by this Agreement.

4.04 Except as described in the Prospectus of Ogden dated December 7, 1967 and as further set forth in a memorandum delivered by Ogden to Otto and Ernest, there is no litigation, proceeding or govern-

mental investigation (including any investigation by the Securities and Exchange Commission) pending, or so far as known by the officers of Ogden, in prospect or threatened against or relating to Ogden or its subsidiaries, whether relating to the transactions contemplated hereby or otherwise.

4.05 The transaction contemplated by this Agreement has been duly authorized by the Board of Directors of Ogden. This Agreement constitutes a valid and binding obligation of Ogden in accordance with its terms and conditions and no further corporate action is required by the Board of Directors or Stockholders of Ogden in connection with the transaction contemplated by this Agreement.

4.06 All representations and warranties of Ogden will be true and complete on the date of Closing and shall survive the Closing for the period specified in Section 3.19 of this Agreement.

#### 5. CONDUCT OF BUSINESS PENDING CLOSING

5.01 Otto and Ernest shall cause the Barth Corporations to give to Ogden and its representatives full access, during normal business hours throughout the period prior to the Closing, to all the assets, properties, contracts and commitments, books, records and other data relating to the assets, business and operations of the Barth Corporations.

If the Closing shall not be consummated, Ogden shall not use for its own benefit or divulge to others any confidential information obtained from the Barth Corporations or from Otto or Ernest.

5.02 Throughout the period prior to the Closing, Otto and Ernest shall cause the Barth Corporations to (a) carry on and continue their business in substantially the same manner as heretofore; (b) refrain from incurring or agreeing to incur, any obligations or liabilities (absolute or contingent), except obligations and liabilities incurred in the ordinary course of business; (c) refrain from declaring, paying or setting aside any dividend or other distribution to its stockholders, from issuing or selling any share of capital stock, and from granting any option with respect to any share of capital stock, except as provided in this Agreement; (d) refrain from entering into any transaction other than in the ordinary course of business without the prior written consent of Ogden; (e) keep in full force and effect insurance comparable to that maintained on the date of this Agreement; and (f) use their best efforts to maintain relationships with suppliers, customers, employees and others with whom it has business relationships so that such relationships will be substantially preserved on and after the date of Closing.

5.05 Ogden shall use its best efforts to cause all shares of Voting Common Stock of Ogden deliverable at the Closing to the Transferors to be listed for trading on the New York Stock Exchange, subject to notice of issuance.

6. CONDITIONS PRECEDENT TO THE OBLIGATIONS  
OF OGDEN HEREUNDER

The obligations of Ogden shall be subject, in the discretion of Ogden, to the fulfillment, prior to or at the Closing date, of the following conditions:

6.01 The representations and warranties of Otto and Ernest and the Barth Corporations as contained in Section 3 of this Agreement shall be true in all material respects at and as of the date of Closing as though such representations and warranties were made on such date. The Transferors shall have performed all the agreements and satisfied all of the conditions required by this Agreement to be performed and satisfied by them prior to or at the Closing; and Ogden shall have been furnished with a certificate of Otto and Ernest, dated the date of Closing, to the foregoing effect.

6.02 Ogden shall have received a favorable written opinion dated as of the Closing date of Messrs. Cole & Deitz and/or Mr. Harvey M. Lewin, counsel for Otto and Ernest, covering the following matters:



(a) The corporate existence and status of the Barth Corporations, as set forth in Section 3.01 of this Agreement;

(b) The authorized capitalization and outstanding capital stock of the Barth Corporations, as set forth in Section 3.02 of this Agreement;

(c) The title to assets of the Barth Corporations, as set forth in Section 3.04 of this Agreement, but limited to knowledge of counsel;

(d) The status of contracts and leases, as set forth in Section 3.05 of this Agreement, but limited to knowledge of counsel;

(e) The status of litigation, proceedings or governmental investigations pending or threatened, as set forth in Section 3.10 of this Agreement, but limited to the knowledge of counsel;

(f) The compliance with applicable ordinances, etc. and possession of necessary licenses and permits, as set forth in Section 3.15 of this Agreement, but limited to knowledge of counsel;

(g) The valid and binding nature of this Agreement, as set forth in Section 3.16 of this Agreement;

(h) The conformity with existing agreements, as set forth in Section 3.17 of this Agreement, but limited to knowledge of counsel.

Such opinion shall also cover such other matters incident to the transactions contemplated hereby as Ogden may reasonably request.

6.03 On the date of the Closing no litigation shall be pending or shall be threatened by any governmental agency which questions the validity of or seeks to enjoin this Agreement or the consummation of the transactions contemplated hereby.

6.04 All shares of Voting Common Stock of Ogden deliverable to the Transferors at the Closing shall have been listed for trading on the New York Stock Exchange, subject to notice of issuance.

6.05 Otto Barth, Ernest Barth, Richard Barth and Peter Brulle shall have entered into employment contracts on terms and conditions mutually satisfactory to the parties thereto.

6.06 Ogden shall have been furnished with such further certificates and documents as it may reasonably request.

6.07 The audit report of Haskins & Sells referred to in Section 9 hereof shall reflect no changes other than in the ordinary course of business in the Non-Current assets between September 30, 1967 and December 31, 1967.

7. CONDITIONS PRECEDENT TO THE  
OBLIGATIONS OF THE TRANSFERORS  
HEREUNDER

The obligations of the Transferors hereunder shall be subject, in the discretion of each of them, to the fulfillment prior to or at the date of Closing of the following conditions:

7.01 The representations and warranties of Ogden as contained in Section 4 of this Agreement shall be true in all material respects at and as of the date of Closing as though such representations and warranties were made on such date. Ogden shall have performed all the agreements and satisfied all the conditions required by this Agreement to be performed and satisfied by it prior to or at the Closing; and Otto and Ernest shall have been furnished with a certificate of appropriate officers of Ogden dated the date of the Closing, to the foregoing effect.

7.02 Otto and Ernest shall have received the favorable written opinion, dated the Closing date, of Pierce J. Gerety, Esq., Senior Vice President and Chief Counsel of Ogden, to the effect that:

(a) The transaction contemplated by this Agreement has been duly authorized and approved by all requisite action of the Board of Directors of Ogden; no further corporate action is required by the

Board of Directors or Stockholders in connection with the transaction contemplated by this Agreement; and this Agreement has been duly executed and delivered by Ogden and constitutes the valid and binding obligation of Ogden in accordance with its terms;

(b) All action and proceedings required by law to be taken by Ogden prior to the Closing in connection with this Agreement and the transactions contemplated hereby have been validly taken;

(c) The shares of Voting Common Stock to be delivered to the Barth Corporations at the Closing have been duly and validly authorized and reserved for issuance in accordance with this Agreement, and when issued and delivered in accordance with the terms and conditions set forth in this Agreement, will be duly and validly issued, fully paid and non-assessable, and listed for trading on the New York Stock Exchange, subject to notice of issuance.

(d) Such opinion shall also cover such other matters incident to the transaction contemplated hereby as the Transferors may reasonably request.

7.03 On the date of the Closing no litigation shall be pending or shall be threatened by a governmental agency which questions the validity of or seeks to enjoin this Agreement or the consummation of the transaction contemplated hereby.

7.04 All shares of Voting Common Stock of Ogden deliverable at the Closing to the Transferors hereinafter provided for shall have been listed for trading on the New York Stock Exchange, subject to notice of issuance.

7.05 Otto and Ernest shall have been furnished with such further certificates and other documents as they may reasonably request.

#### 8. ASSIGNMENT

Ogden may assign its benefits under this Agreement and delegate its duties under this Agreement to one or more subsidiaries which are directly or indirectly wholly owned by Ogden, but such an assignment or delegation shall not relieve Ogden of any of its obligations pursuant to this Agreement.

#### 9. ADJUSTMENT IN NUMBER OF SHARES OF OGDEN DELIVERABLE AT THE CLOSING

9.01 Promptly after the execution of this Agreement, Haskins & Sells, Certified Public Accountants, will audit the books,

records and accounts of the Barth Corporations as of December 31, 1967, and prepare a report containing a combined and combining balance sheet of the Barth Corporations as of December 31, 1967, and a combined and combining statement of income for the twelve month period then ended.

All of the liabilities of the Barth Corporations, less the current assets of the Barth Corporations (other than inventories), all as set forth on the balance sheet of the Barth Corporations as of December 31, 1967, contained in the Haskins & Sells audit report, shall be known, for the purposes of this Agreement, as the Net Quick Assets Deficiency.

9.02 Subject to the provisions of Section 11 hereof, the number of shares deliverable at the Closing, in accordance with Section 1.02 of this Agreement, shall be reduced by one share for each \$40.00, or a major fraction thereof, by which the Net Quick Assets Deficiency is more than \$475,000 .

#### 10. POST CLOSING ADJUSTMENTS

10.01 Promptly after the date on which the Barth Corporations shall have settled all of their federal income tax liabilities for all periods ended on or prior to the date of Closing (hereinafter called the "Tax Finalization Date"), or on February 28, 1973, which--

ever is sooner, there shall be a determination by Haskins & Sells of the following:

A. The amount of all federal income tax deficiencies assessments, including interest and penalties thereon, imposed against the Barth Corporations relating to any period ending prior to the Closing, reduced by any amount by which taxes paid or payable by Ogden (or any of its subsidiaries, including the Barth Corporations) for all periods ending after the Closing (making reasonable estimates for periods after the Tax Finalization Date) shall be reduced or refunded as a result of the adjustments to the returns of the Barth Corporations for periods ending prior to the Closing;

B. The amount of any liabilities, direct or indirect, absolute or contingent, not included on the combined and combining balance sheets of the Barth Corporations as of December 31, 1967 prepared in accordance with Section 9.01, and the amount of any understatement of such liabilities on such balance sheets.

C. The amount of any uncollected accounts receivable appearing on the combined or combining balance sheets of the Barth Corporations prepared in accordance with Section 9.01, but only to the extent that such amount is in excess of the reserves for doubtful

accounts appearing on such balance sheets and the amount of the recoveries on accounts previously written off and not carried as assets on such balance sheets.

10.02 Subject to the provisions of Section 11 hereof, Ogden shall be entitled to receive from the Escrow Agent referred to in Section 12 hereof, the number of shares of Ogden which shall be determined (to the nearest full share) by dividing the aggregate of the amounts calculated in Section 10.01 above divided by \$40.

#### 11. LIMITATION ON ADJUSTMENTS

11.01 No reduction in the number of shares shall occur under Section 9.02 hereof except to the extent that the excess of the Net Quick Assets Deficiency over \$475,000 exceeds \$200,000.

11.02 There shall be no delivery of shares by the Escrow Agent to Ogden pursuant to Section 10.02 except to the extent that the aggregate of the amounts determined in accordance with Section 10.01 shall exceed \$200,000 less the excess of the Net Quick Assets Deficiency over \$475,000.

#### 12. ESCROW SHARES

12.01 At the Closing Otto and Ernest shall deliver to Chase Manhattan Bank (herein called the "Escrow Agent"), a number of shares of Ogden voting common stock equal to ten percent of the



total number of shares to be delivered to the Transferors at the Closing. The Escrow Agent shall retain such shares until March 31, 1973, or thirty days after the Tax Finalization Date, whichever shall occur first.

12.02 Upon the expiration of thirty days after the Tax Finalization Date or March 31, 1973, whichever shall first occur, the Escrow Agent shall deliver to Otto and Ernest the shares of Ogden Common Stock remaining in the escrow in such denominations and registered in such names as they may request.

12.03 In the event the Escrow Agent shall have distributed the shares of Ogden Common Stock to Otto, Ernest or Ogden in accordance with this Agreement, Otto and Ernest shall jointly and severally indemnify Ogden and hold it harmless against any liability arising from federal income tax deficiency assessments, including interest and penalties thereon, imposed against the Barth Corporations relating to any operations for any period prior to January 1, 1968, reduced by any amount by which taxes paid or payable by Ogden (or any of its subsidiaries, including the Barth Corporations), for all periods ending after December 31, 1967 (making reasonable estimates for periods after the Tax Finalization Date) shall be reduced or refunded as a result of such adjustments, but only to the extent that the

amount so calculated exceeds \$200,000 minus the aggregate of (a) the excess of the Net Quick Assets Deficiency over \$ 475,000.00 , and (b) the aggregate amount of the calculations made by Haskins & Sells pursuant to Section 10.01.

12.04 While any shares of Voting Common Stock of Ogden are in the possession of the Escrow Agent, cash dividends paid with respect to such shares shall be delivered directly to the registered owners of such shares. In the event, and at the time, the Escrow Agent returns to Ogden any shares of Voting Common Stock of Ogden pursuant to Section 10.02 hereof, Otto and Ernest shall pay to Ogden an amount equal to the cash dividends paid with respect to such returned shares plus interest at 6% per annum computed from the date such cash dividends were paid. There shall be added to any shares of Voting Common Stock of Ogden which are in the possession of the Escrow Agent any stock dividends paid with respect to such shares, and any additional shares or other rights to which such shares are entitled as a result of stock splits or reorganizations. While in the possession of the Escrow Agent, such stock dividends and additional shares and other rights shall be subject to the same restrictions as the underlying shares to which

they apply. Whenever the underlying shares of Voting Common Stock of Ogden are delivered by the Escrow Agent pursuant to Section 10 hereof, the Escrow Agent shall deliver to the same person all stock dividends and additional shares and other rights which apply to the underlying shares delivered.

### 13. SECURITIES ACT STATUS

13.01 The Transferors agree that the shares of Voting Common Stock of Ogden deliverable pursuant to this Agreement are being acquired for investment and without a view to distributing any such shares. Each of the Transferors shall deliver to Ogden at the Closing a letter confirming the foregoing investment representation. Ogden may set forth on the certificates delivered to the Transferors under this Agreement the following legend:

"The shares represented by this certificate have been acquired for investment and without a view to distribution and are subject to the limitations and restrictions set forth in a Plan and Agreement of Reorganization dated as of January 31, 1968, between Ogden Corporation, Otto Barth, Ernest Barth, Harvey M. Lewin and Colman Abbe, Trustees, and Felice Barth."

The Transferors further agree that such shares of Ogden Common Stock deliverable pursuant to this Agreement will not be distributed in a manner that violates or would result in a violation by Ogden of the Securities Act of 1933, as amended.

13.02 In the event that the Transferors, or any one or more of them, notify Ogden that he or they desire to sell or otherwise dispose of all or any part of the shares of Ogden Voting Common Stock received by such party or parties hereunder, and such notice is accompanied by either (a) an opinion of counsel to such party or parties, in form and substance reasonably satisfactory to Ogden and its counsel, to the effect that the proposed transfer may be effected without registration of such shares under the Securities Act of 1933, as amended, or (b) a so-called "no action" letter from the Securities and Exchange Commission with respect to such proposed sale or other disposition, then Ogden shall (i) promptly issue and deliver or cause to be issued and delivered to such party or parties certificates representing the number of shares proposed to be sold, bearing no legend, in such denominations as such party or parties may request, upon receipt by Ogden of certificates representing a like number of shares bearing the aforementioned legend, and (ii) permit such shares to be sold or otherwise disposed of free of the restrictions of this Agreement.

13.03 If at any time or from time to time after the Closing, Ogden contemplates filing a registration statement under the Securities Act of 1933, as amended, involving the sale of securities of Ogden and any of the securities to be offered under

such registration statement consists of issued and outstanding securities of Ogden to be sold by existing stockholders, then at least twenty (20) days prior to the proposed filing date for such registration statement Ogden shall notify the Transferors to the effect that such offering is contemplated, and, if so requested by the Transferors, or any one or more of them, Ogden shall include among the securities to be registered such number of shares of Voting Common Stock owned by such party or parties as specified in such request, but limited to the largest number of shares, if any, to be offered by any other participating stockholder. If requested by Ogden, the party or parties offering such shares shall retain a reputable investment banking firm (designated by Ogden or the security holders who originated the registration statement) to underwrite the shares so offered. The foregoing provisions of Section 13.03 shall be applicable after the Closing to all offerings of the type described in this Section 13.03 regardless of whether any shares owned by the Transferors or any one or more of them, shall have previously been registered pursuant to this Section 13.03 or Section 13.04.

13.04 Ogden agrees that upon the written request of Otto and Ernest, Ogden shall on one occasion promptly prepare, file and use its best efforts to cause to become effective a registration statement under the Securities Act of 1933, as amended, to permit the public offering of all or any part of the shares of Ogden owned by the Transferors, or any one or more of them. If requested by Ogden, the party or parties offering such shares shall retain a reputable investment banking firm designated by such party or parties to underwrite the shares so offered.

13.05 All costs incurred by Ogden in connection with any registration statement provided for in Section 13.03 or 13.04 shall be paid for by Ogden whether or not a registration statement becomes effective or such shares are sold, provided, however, that with respect to any offering under Section 13.03, the party or parties whose shares are to be offered shall pay his or their proportionate share of the underwriter's fees or commissions and with respect to any offering under Section 13.04, the party or parties whose shares are to be offered shall pay the entire amount of the underwriter's

fees or commissions. The costs to be borne by Ogden shall consist of all fees and disbursements of attorneys and accountants of Ogden, all filing and registration fees and all printing costs incurred in connection with the registration statement. Transfer taxes and fees and disbursements of attorneys and accountants representing the party or parties offering their shares shall not be considered such a cost and shall be paid for by such party or parties. Ogden shall not make any charge to such party or parties for the services of officers or employees used in connection with any such registration statement.

13.06 Notwithstanding the provisions of Section 13.03 or 13.04, Ogden shall not be required to register all or any portion of the shares requested to be registered, if, in the opinion of counsel to Ogden and counsel to Otto and Ernest, the sale contemplated can be made without such registration and in compliance with the Securities Act of 1933, as amended, or if Ogden shall have obtained a "no action" letter from the Securities and Exchange Commission with respect to the contemplated sale. In such event, Ogden shall promptly issue and deliver or cause to be issued and delivered to the party or parties who requested such registration certificates, bearing no legend, representing the number of shares requested to be registered, in

such denominations as such party or parties may request, upon receipt by Ogden of certificates representing a like number of shares, bearing the aforementioned legend; and Ogden shall permit such shares to be sold or otherwise disposed of free of the restrictions of this Agreement.

13.07 Notwithstanding the provisions of this Section 13, the Transferors shall not for a period ending twelve (12) months after the Closing, sell or otherwise dispose of more than twenty-three percent (23%) of the aggregate number of shares deliverable pursuant to Section 1.02 hereof.

13.08 In addition to notifying the Transferors of all offerings of securities of the type described in Section 13.03, Ogden shall notify the Transferors of all primary offerings of securities of Ogden at least twenty (20) days prior to the proposed filing date of the registration statement covering such offering.

#### 14. NOTICES

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, first class, postage prepaid (a) if to Ogden, to Ralph E. Ablon, President, Ogden Corporation, 161 East 42nd Street, New York, New York 10017; or (b) if to any of the Trans-



ferors, to Otto Barth, 1136 Fifth Avenue, New York, New York, with a copy to Messrs. Cole & Deitz, 40 Wall Street, New York, New York 10005, Attention: Herbert J. Deitz, Esq. and a copy to Harvey M. Lewin, Esq., 565 Fifth Avenue, New York, New York 10017.

15. COMPLETENESS OF AGREEMENT

This Agreement and the Exhibits hereto set forth the entire understanding and all of the representations and warranties of the parties relating to the subject matter referred to herein.

16. AMENDMENTS

No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless it is in writing and signed by the party against whom it is sought to be enforced.

17. APPLICABLE LAW

This Agreement is to be governed by and interpreted pursuant to the laws of the State of New York.

18. GENERAL

This Agreement may be executed in several counter-parts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ATTEST:

OGDEN CORPORATION

/s/ Eugene J. Donohue  
Treasurer

By /s/ Ralph E. Ablon  
President

/s/ Otto Barth  
Otto Barth

/s/ Ernest Barth  
Ernest Barth

/s/ Harvey M. Lewin  
Harvey M. Lewin, as Trustee

/s/ Colman Abbe  
Colman Abbe, as Trustee

/s/ Felice Barth  
Felice Barth

EXHIBIT A

Otto Barth	124,802
Ernest Barth	67,759
Felice Barth	950
Trustee for	
Children of Otto Barth	4,017
Trustees for	
Children of Ernest Barth	2,472

EXHIBIT B

Date and State of Incorporation of each of the Corporations  
and qualification in any other States.

BARTH SMELTING CORP. incorporated in the State of New York on October 4,  
1937; qualified to do business in the State of New Jersey.

BARTH METALS CO., INC. incorporated in the State of New York on February  
5, 1926; qualified to do business in the State of New Jersey.

BARTH SMELTING & REFINING WORKS, INC. incorporated in the State of  
New Jersey on July 18th, 1941.

ALLOYMETAL TRUCKING CORP. incorporated in the State of New Jersey on  
June 16, 1964.

EXHIBIT C

AUTHORIZED AND ISSUED CAPITAL STOCK  
OF THE RESPECTIVE CORPORATIONS

BARTH SMELTING CORP.

Authorized 3000 shares common, par value \$100 each  
6000 preferred, par value \$100 each, 5%  
cumulative redeemable at \$103

Issued : common

✓ Otto Barth 1,152 shares  
✓ Ernest Barth 624 shares

preferred

✓ Harvey M. Lewin and Colman Abbe, Trustees  
for Richard and Ellen Barth 1,560 shares  
✓ Harvey M. Lewin and Colman Abbe, Trustees  
for Susan, Nancy and Lawrence Barth 960 shares  
✓ Otto Barth 1,320 shares  
✓ Ernest Barth 600 shares

BARTH METALS CO., INC.

Authorized 196 shares common, no par value  
50 shares preferred, par value \$100 each,  
7% cumulative, redeemable at par

Issued : common

✓ Otto Barth 57  $\frac{3}{5}$  shares  
✓ Ernest Barth 31  $\frac{1}{5}$  shares

preferred

✓ Felice Barth 50 shares

EXHIBIT C (continued)

BARTH SMELTING & REFINING WORKS, INC.

Authorized 200 common, no par value  
2000 shares preferred, par value \$100  
each, 5% cumulative, no provision for  
redemption

Issued : common

✓ Otto Barth 48 shares  
✓ Ernest Barth 26 shares

preferred

✓ Otto Barth 213 shares  
✓ Felice Barth 330 shares  
✓ Ernest Barth 297 shares

ALLOYMETAL TRUCKING CORP.

Authorized 500 shares common, no par value

Issued :

✓ Otto Barth 24 shares  
✓ Ernest Barth 13 shares

EXHIBIT D

BARTH SMELTING CORPORATION

EXPORT LICENSES RECEIVED  
as at JANUARY 30, 1968

<u>NAME OF CUSTOMER</u>	<u>EXPORT LICENSE NO.</u>	<u>ESTIMATED VALUE</u>
IWAI & CO., LTD.	B8-1-4-32721	\$172,950.50
IWAI & CO., LTD.	B8-124-31711	27,667.74
KANEMATSU GOSHO CO.	B71226-32101	3,444.32
KANEMATSU GOSHO CO.	B712-6-30251	200,000.00
GRIFOS & VALVULAS	B6-713-30021	31,515.00

OTHER PERMITS

Bureau of Combustibles and Fire Risks, City of Newark  
issued to Barth Smelting & Refining Works, Inc. #88014 and #88013

City of Newark, Department of Health and Welfare  
issued to Barth Smelting & Refining Works, Inc. - permit  
for repair and maintenance issued by the Electrical Bureau.

Alloymetal Trucking Corporation #MC 126388  
issued July 7, 1965 to engage in transportation in interstate commerce  
as a contract carrier by motor vehicle for Barth Smelting Corporation  
and Barth Metals Co., Inc. over irregular routes; covering non-ferrous  
scrap metals and brass and bronze ingots.

CERTIFICATE OF MERGER  
OF  
BARTH SMELTING CORP., a New York corporation  
AND  
BARTH METALS CO. INC., a New York corporation  
AND  
BARTH SMELTING & REFINING WORKS, INC.  
a New Jersey corporation  
INTO  
BARTH SMELTING & REFINING WORKS, INC.  
a New Jersey corporation

UNDER SECTION 907 OF THE BUSINESS CORPORATION LAW

We, the undersigned, Ernest Barth and Richard Barth, being respectively the president and the secretary of Barth Smelting Corp, and Ernest Barth and Richard Barth, being respectively the president and the secretary of Barth Metals Co. Inc., and Ernest Barth and Richard Barth being respectively the president and the secretary of Barth Smelting & Refining Works, Inc. hereby certify:

1. (a) The name of each constituent corporation is as

follows: Barth Smelting Corp.,  
Barth Metals Co. Inc., and  
Barth Smelting & Refining Works, Inc.

(b) The name of the surviving corporation is Barth  
Smelting & Refining Works, Inc.

2. As to each constituent corporation, the designation and number of outstanding shares of each class, none of which are entitled to vote as a class, and the voting rights thereof are as follows:

<u>Name of Corporation</u>	<u>Designation and number of shares in each class or series outstanding</u>	<u>Class or Series of Shares entitled to Vote</u>
Barth Smelting Corp.	1776 shares Common 4440 shares Preferred	Common
Barth Metals Co. Inc.	88-4/5 shares Common 50 shares Preferred	Common & Preferred
Barth Smelting & Refining Works, Inc.	74 shares Common 840 shares Preferred	Common

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3. The merger was adopted by each constituent New York domestic corporation in the following manner:

(a) As to Barth Smelting Corp. and Barth Metals Co. Inc. by the unanimous written consent of the sole shareholder.

4. The merger is permitted by the laws of the jurisdiction of the constituent foreign corporation and is in compliance therewith. The constituent foreign corporation has complied as follows:

Barth Smelting & Refining Works, Inc. has complied with the applicable provisions of the laws of the State of New Jersey under which it is incorporated, and this merger is permitted by such laws.

5. The surviving corporation is Barth Smelting & Refining Works, Inc., a corporation of the State of New Jersey, incorporated on the 24th day of July, 1941, which corporation is not qualified to do business in the State of New York and will not do business in the State of New York.

6. The date when the certificate of incorporation of Barth Smelting Corp., and Barth Metals Co. Inc. was filed by the Department of State was the 4th day of October, 1937 and the 5th day of February, 1926, respectively.

7. Barth Smelting & Refining Works, Inc. agrees that it may be served with process in the State of New York in any action or special proceeding for the enforcement of any liability or obligation of any constituent corporation, previously amenable to suit in the State of New York, and for the enforcement under the Business Corporation Law, of the right of

shareholders of any constituent domestic corporation to receive payment for their shares against the surviving corporation; and it designates the Secretary of State of New York as its agent upon whom process may be served in any such action or special proceeding. The post office address to which the Secretary of State shall mail a copy of the process in such action or proceeding is 161 East 42nd Street, New York, New York 10017 c/o Ogden Corporation.

8. Barth Smelting & Refining Works, Inc. agrees that subject to the provisions of Section 623 of the Business Corporation Law, it will promptly pay to the shareholders of each constituent New York corporation the amount, if any, to which they shall be entitled under the provisions of the Business Corporation Law, relating to the right of shareholders to receive payment for their shares.

9. The merger shall be effective on the 31st day of July, 1969.

IN WITNESS WHEREOF, we have signed this certificate on the 17th day of July, 1969 and we affirm the statements contained therein as true under penalties of perjury.

BARTH SMELTING CORP.

By *Ernest Barth*  
Ernest Barth, President

By *Richard Barth*  
Richard Barth, Secretary-Treasurer

BARTH METALS CO. INC.

By *Ernest Barth*  
Ernest Barth, President

By *Richard Barth*  
Richard Barth, Secretary-Treasurer

BARTH SMELTING & REFINING WORKS, INC.

By *Ernest Barth*  
Ernest Barth, President  
By *Richard Barth*  
Richard Barth, Secretary

State of New York }  
Department of State }

23186

I Certify That I have compared the preceding

copy with the original Certificate of Merger of BARTH SMELTING CORP., ( a  
New York Corporation ), BARTH METALS CO. INC., ( a New York Corporation ),  
and BARTH SMELTING & REFINING WORKS, INC., ( a New Jersey Corporation ),  
with

BARTH SMELTING & REFINING WORKS, INC., ( a New Jersey Corporation ).

filed in this department on the 31st day of July, 1969, and that such  
copy is a correct transcript therefrom and of the whole of such original.

Witness my hand and the official seal of the Department of State at the  
City of Albany, this thirty-first day  
of July one thousand nine hundred  
sixty-nine.

854240070

*John P. Lomenzo*

To: SECRETARY OF STATE

Date: July 28, 1969

NAME OF CORPORATION

BARTH SMELTING CORP.  
BARTH METALS CO. INC.

Pursuant to provisions of Section  
hereby consents to the  
of the above named corporation.

907

of the Business Corporation Law, the State Tax Commission

merger  
into BARTH SMELTING & REFINING WORKS, INC. if filed  
on or before 12/31/69

Certificate and fee are attached.

Filed by:

CORPORATION TRUST COMPANY

Edward A. Doran  
Deputy Tax Commissioner

By

*E. A. Doran*

854240071

854240072

NEW YORK  
STATE OF STATE

31-1969

*[Signature]*

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*[Signature]*

*[Signature]*

ej

*State of New Jersey*

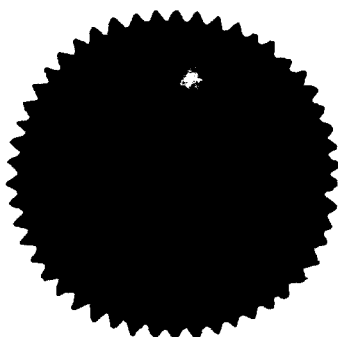


**Department of State**

*I, the Secretary of State of the State  
of New Jersey, do hereby Certify that the foregoing is a true  
copy of* Agreement of Merger by and between Barth Smelting & Refining Works Inc.  
(New Jersey Corporation), Barth Smelting Corp. (New York Corporation) and Barth Metals  
Co., Inc. (New York Corporation), the name of the surviving corporation is BARTH  
SMELTING & REFINING WORKS, INC. and name changed in the merger to BARTH SMELTING &  
REFINING CORP. (New Jersey)

*\_\_\_\_\_ and the endorsements thereon;  
as the same is taken from and compared with the original filed  
in my office on the* 31st *day of* July *A.D.*  
1969 *, and now remaining on file and of record therein.*

*In Testimony Whereof, I have hereunto  
set my hand and affixed my Official  
Seal at Trenton, this* 31st  
*day of* July *A.D. 1969.*



*Robert T. Burchhardt*

AGREEMENT OF MERGER

\*\*\*\*\*

AGREEMENT OF MERGER dated the 17th day of July , 1969, made and entered into by and between Barth Smelting & Refining Works, Inc., a corporation organized and existing under the laws of the State of New Jersey, and the directors thereof, and Barth Metals Co. Inc. and Barth Smelting Corp., corporations organized and existing under the laws of the State of New York, and the directors thereof.

WITNESSETH that:

WHEREAS Barth Smelting & Refining Works, Inc. was incorporated under and by virtue of Title 14, Revised Statutes of New Jersey, the Certificate of Incorporation of which corporation was duly filed in the office of the Secretary of State of New Jersey, on the 24th day of July, 1941, and duly recorded in the office of the Clerk of the County of Hudson , New Jersey, on the 25th day of July , 1941, and

WHEREAS said Barth Smelting & Refining Works, Inc. has authorized capital stock of two thousand and two hundred (2200) shares divided into two thousand (2000) shares of preferred stock of the par value of one hundred dollars (\$100.) each amounting in the aggregate to two hundred thousand dollars (\$200,000), and two hundred (200) shares of common stock without par value, of which there have been issued and are now outstanding eight hundred and forty (840) shares of preferred stock and seventy four (74) shares of common stock, and

WHEREAS, the principal and registered office of said Barth Smelting & Refining Works, Inc. in the State of New Jersey is located at 99 Chapel Street, Newark, New Jersey 07105 and Mr. Robert DeMarco, 40 Birchwood Drive, North Arlington, New Jersey is the agent

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therein, and upon whom process against said corporation may be served within said State, and

WHEREAS, Barth Smelting Corp. and Barth Metals Co. Inc. are corporations organized and existing under the laws of the State of New York, and have complied with the applicable provisions of the laws of the State of New York in which they are incorporated and this merger is permitted by such laws, and

WHEREAS, said Barth Metals Co. Inc. has an authorized capital stock of two hundred and forty-six (246) shares divided into fifty (50) shares of preferred stock of the par value of one hundred dollars (\$100) per share, amounting in the aggregate to five thousand dollars (\$5000) and one hundred and ninety-six (196) shares of common stock, without par value, of which there have been issued and are now outstanding fifty (50) shares of preferred stock and eighty-eight and four fifths (88-4/5) shares of common stock, and

WHEREAS, said Barth Smelting Corp. has an authorized capital stock of nine thousand (9000) shares divided into six thousand (6000) shares of preferred stock of the par value of one hundred dollars (\$100) per share amounting in the aggregate to six hundred thousand dollars (\$600,000) and three thousand (3000) shares of common stock of the par value of one hundred dollars (\$100) per share, amounting in the aggregate to three hundred thousand dollars (\$300,000) of which there have been issued and are now outstanding four thousand four hundred and forty (4440) shares of preferred stock and one thousand seven hundred and seventy-six (1776) shares of common stock and

WHEREAS, the principal and registered office of said Barth Metals Co. Inc. and Barth Smelting Corp. in the State of New Jersey is

located at 99 Chapel Street, Newark, New Jersey 07105, Corporation Trust Company, 15 Exchange Place, Jersey City, New Jersey, is the agent therein, and upon whom process against Barth Smelting Corp. may be served within said state, and Mr. Robert DeMarco of 99 Chapel Street, Newark, New Jersey, is the agent therein, and upon whom process against Barth Metals Co. Inc. may be served within the state, and

WHEREAS, the board of directors of each of the corporations, parties to this agreement, deem it advisable and generally to the advantage and welfare of said corporations and their respective stockholders that said Barth Smelting & Refining Works, Inc. merge into itself said Barth Smelting Corp. and Barth Metals Co. Inc., and that said Barth Metals Co. Inc. and Barth Smelting Corp. be merged into said Barth Smelting & Refining Works, Inc. pursuant to the provisions of Title 14 Chapter 12, Revised Statutes of New Jersey as amended, and the applicable provisions of the laws of the State of New York,

NOW, THEREFORE, the said corporations, parties to this agreement, in consideration of the mutual agreements, provisions, covenants and grants herein contained, by and between their respective boards of directors have agreed and do hereby agree each with the other that Barth Smelting & Refining Works, Inc. merge into itself Barth Smelting Corp. and Barth Metals Co. Inc. and that Barth Smelting Corp. and Barth Metals Co. Inc. should be merged into Barth Smelting & Refining Works, Inc. and do hereby agree upon and prescribe the terms and conditions of said merger, the mode of carrying the same into effect and the manner of converting the stock of each of the corporations, parties to this agreement, into the stock or obligations of the corporation surviving this merger as follows:

#### ARTICLE ONE

Barth Smelting & Refining Works, Inc. merges into itself Barth Smelting Corp. and Barth Metals Co. Inc. and Barth Smelting Corp.

Barth Metals Co. Inc. are merged into Barth Smelting & Refining Works, Inc.

## ARTICLE TWO

The Certificate of Incorporation of Barth Smelting & Refining Works, Inc. shall remain and be the Certificate of Incorporation of the surviving corporation until altered or amended in accordance with the laws of the State of New Jersey, except that Article FIRST of the Certificate of Incorporation of the surviving corporation is hereby amended to read as follows:

"FIRST: The name of the corporation is Barth Smelting & Refining Corp.

The by-laws of Barth Smelting & Refining Works, Inc. shall remain and be the by-laws of the corporation which shall survive the merger until the same shall be altered or amended according to the provisions thereof and in the manner permitted by the statutes of the State of New Jersey, or by this agreement.

The first annual meeting of the stockholders of the corporation which shall survive the merger, to be held after the effective date of the merger, shall be the annual meeting provided, or to be provided by the by-laws of the said corporation, for the year 1969.

All persons who at the date when the agreement of merger shall become effective shall be the executive or administrative officers of Barth Smelting & Refining Works, Inc. shall be and remain like officers of the corporation which shall survive the merger, until the board of directors of such corporation shall elect their respective successors.

The directors of the constituent New Jersey corporation, party to this agreement, shall sign this agreement in behalf of its corporation, and shall cause the corporate seal of the corporation to be affixed thereto.

This agreement shall then be duly authorized by the unanimous written consent of the sole stockholder, and that fact shall be certified on the agreement by the secretary of the corporation, under the seal thereof, and the original of this agreement so adopted and certified shall be filed in the office of the Secretary of State of New Jersey.

The constituent foreign corporations, parties to this Agreement, shall comply with the applicable laws of the state of their incorporation in order to effectuate this agreement of merger.

A meeting of the board of directors of the corporation which shall survive this merger shall be held as soon as practicable after the date on which this merger shall become effective and may be called in the manner provided in the by-laws of the corporation which shall survive the merger for the calling of special meetings of the board of directors and may be held at the time and place specified in the notice of the meeting.

The corporation which shall survive the merger shall pay all expenses of carrying this agreement into effect and of accomplishing this merger.

When the agreement shall have become effective, all and singular, the rights, privileges, powers and franchises of each of the corporations, parties to this agreement, whether of a public or private nature, and

all property, real, personal and mixed, and all debts due to each of said corporations, on whatever account, as well for stock subscriptions as all other things in action or belonging to either of the said corporations shall be vested in the corporation which shall survive this merger; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the corporation which shall survive this merger as they were of the corporations, parties hereto, and the title to any real or personal property, whether by deed or otherwise, vested in each of the corporations, parties hereto, shall not revert or be in any way impaired by reason hereof; provided, however, that all rights of creditors and all liens upon any property of each of the corporations, parties hereto, shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the time of the said merger, and all debts, liabilities and duties of Barth Smelting Corp. and Barth Metals Co. Inc. shall thenceforth attach to the corporation which shall survive this merger and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

If at any time the corporation which shall survive the merger shall consider or be advised that any further assignments or assurances in law or any things are necessary or desirable to vest in the said corporation, according to the terms hereof, the title to any property or rights of Barth Smelting Corp. and Barth Metals Co. Inc, the proper officers and directors of said Barth Smelting Corp. and Barth Metals Co. Inc shall and will execute and make all such proper assignments and assurances in law and do all things necessary or proper to vest title in such property or rights in the corporation which shall survive the merger and otherwise

to carry out the purposes of this agreement of merger.

### ARTICLE THREE

The name of the surviving corporation to this merger, is and shall be Barth Smelting & Refining Works, Inc. which is to be changed on the effective date of the merger to Barth Smelting & Refining Corp. and it is to be governed by the laws of the State of New Jersey.

### ARTICLE FOUR

The names and places of residence of the directors of the surviving corporation, six in number, who shall hold office until their successors be chosen or appointed, according to the by-laws of said corporation, are as follows:

#### NAMES OF DIRECTORS

#### RESIDENCES

Otto Barth	1136 Fifth Avenue, New York, N. Y.
Richard Barth	329 E. 65 St. New York, New York
Ernest Barth	1125 Park Avenue, New York, N. Y.
Carl S. Ablon	2902 Manchester Rd., Shaker Heights, Ohio
M. Robert Herman	36600 Dorchester Road, Gates Mills, Ohio 44040
Donald A. Krenz	240 Kelburne Ave., N. Tarrytown, N. Y.

The officers of the surviving corporation shall be a Chairman of the Board, President, one or more vice-presidents, a secretary, a treasurer, and one or more assistant secretaries, and assistant treasurers' and their names and places of residence are as follows:

#### OFFICE

#### NAMES

#### RESIDENCES

Chairman of the Board	Otto Barth	1136 Fifth Avenue New York, New York
President	Ernest Barth	1125 Park Avenue New York, New York
Vice President	Peter Brull	1209 W. Wynnewood Rd. Wynnewood, Pa.
Vice President	M. Robert Herman	36600 Dorchester Road Gates Mills, Ohio 44040
Vice President	Ralph Spector	62 Avondale Lane Matawan, N. J.
Vice President	Hans Gettinger	58 Woodland Avenue Verona, N. J.
Treasurer-Secretary	Richard Barth	329 E. 65 St. New York, N. Y.
Assistant Treasurer & Assistant Secretary	Jeremiah J. Enright	Pidcock Creek Rd. R. D. #2 New Hope, Pa.

## ARTICLE FIVE

The manner and basis of converting the shares of the corporations, parties to this agreement, into shares of the corporation which shall survive this merger, are as follows:

"The shares of said Barth Metals Co. Inc. and Barth Smelting Corp. are not to be converted, but are to be surrendered and cancelled, and on the consummation of the merger no new shares of the corporation surviving this merger are to be issued to the holders of shares of said Barth Metals Co. Inc. and Barth Smelting Corp."

## ARTICLE SIX

The surviving corporation to this merger shall have the right to amend, alter or repeal any provision contained in this Agreement of Merger which might be contained in an original certificate of incorporation, in the manner now or hereafter prescribed by the statutes of the State of New Jersey, and all rights conferred on stockholders herein are granted subject to this reservation.

## ARTICLE SEVEN

The location of the principal office in New Jersey of the corporation which shall survive this merger is and shall be 15 Exchange Place, Jersey City, New Jersey 07302 and The Corporation Trust Company is designated as the agent therein, in charge thereof, and upon whom process against the said corporation may be served.

IN WITNESS WHEREOF, the Directors of each of the said corporations have hereunto set their hands and have caused their respective

corporate seals to be hereunto affixed as of the day and year first  
above mentioned.

(CORPORATE SEAL)

BARTH SMELTING & REFINING WORKS, INC.

By

*O. Barth*

OTTO BARTH - CHAIRMAN OF THE BOARD

*M. Robert Herman*

M. ROBERT HERMAN - VICE PRESIDENT

*Donald A. Krenz*

DONALD A. KRENZ -

*Richard Barth*

RICHARD BARTH - TREASURER/SECRETARY

*Ernest Barth*

ERNEST BARTH - PRESIDENT

*Carl S. Ablon*

CARL S. ABLOH -

BARTH METALS CO. INC.

By

*O. Barth*

*M. Robert Herman*

*Donald A. Krenz*

*Richard Barth*

RICHARD BARTH - TREASURER/SECRETARY

*Ernest Barth*

ERNEST BARTH - PRESIDENT

BARTH SMELTING CORP.

By

*O. Barth*

*M. Robert Herman*

*Donald A. Krenz*

*Richard Barth*

RICHARD BARTH - TREASURER/SECRETARY

*Ernest Barth*

ERNEST BARTH - PRESIDENT

(CORPORATE SEAL)

~~RECEIVED~~

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~~RECEIVED~~ that on this day of 1969

~~RECEIVED~~ under signed on Notary Public and State of

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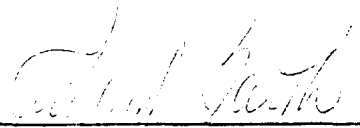
CERTIFICATE OF THE SECRETARY OF  
BARTH SMELTING & REFINING WORKS, INC.  
A CORPORATION OF THE STATE OF NEW JERSEY  
RELATIVE TO VOTE OF STOCKHOLDERS

I, Richard Barth, Secretary of Barth Smelting & Refining Works, Inc. a corporation organized and existing under and doing business pursuant to Title 14, Corporations, General, Revised Statutes of New Jersey (Revision of 1937) and acts supplemental thereto and amendatory thereof, do hereby certify in accordance with the provisions of Section 14:12-3 thereof:

1. That the foregoing Agreement of Merger entered into by and between Barth Smelting & Refining Works, Inc. and Barth Smelting Corp. and Barth Metals Co. Inc. to which this certificate is attached was authorized at a duly constituted meeting of the board of directors of said Barth Smelting & Refining Works, Inc. at which a quorum was present and acting throughout, and signed by all the directors of said corporation under its corporate seal.

2. That said Agreement was thereafter duly authorized by the unanimous written consent of the sole stockholder of said Barth Smelting & Refining Works, Inc.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and affixed the seal of said Barth Smelting & Refining Works, Inc. this 17th day of July , 1969.

  
\_\_\_\_\_  
Secretary

(CORPORATE SEAL)

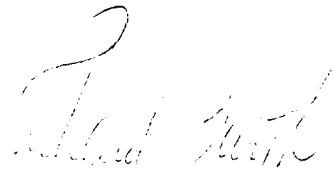
CERTIFICATE OF THE SECRETARY OF  
BARTH SMELTING CORP.  
A CORPORATION OF THE STATE OF NEW YORK  
RELATIVE TO VOTE OF STOCKHOLDERS

I, Richard Barth, Secretary of Barth Smelting Corp. a corporation organized and existing under and doing business pursuant to the Business Corporation Law of the State of New York do hereby certify:

1. That the foregoing Agreement of Merger entered into by and between Barth Smelting & Refining Works, Inc. and Barth Smelting Corp. and Barth Metals Co. Inc. to which this certificate is attached was authorized at a duly constituted meeting of the board of directors of said Barth Smelting Corp. at which a quorum was present and acting throughout and signed by all the directors of said corporation under its corporate seal.

2. That said Agreement was thereafter duly authorized by the unanimous written consent of the sole stockholder of said Barth Smelting Corp.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and affixed the seal of said Barth Smelting Corp. this 17th day of July , 1969.



Secretary

(CORPORATE SEAL)

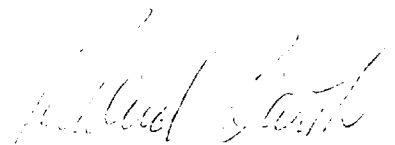
CERTIFICATE OF THE SECRETARY OF  
BARTH METALS CO. INC.  
A CORPORATION OF THE STATE OF NEW YORK  
RELATIVE TO VOTE OF STOCKHOLDERS

I, Richard Barth, Secretary of Barth Metals Co. Inc., a corporation organized and existing under and doing business pursuant to the Business Corporation Law of the State of New York, do hereby certify:

1. That the foregoing Agreement of Merger entered into by and between Barth Smelting & Refining Works, Inc. and Barth Smelting Corp. and Barth Metals Co. Inc. to which this certificate is attached was authorized at a duly constituted meeting of the board of directors of said Barth Metals Co. Inc. at which a quorum was present and acting throughout, and signed by all the directors of said corporation under its corporate seal.

2. That said Agreement was thereafter duly authorized by the unanimous written consent of the sole stockholder of said Barth Metals Co. Inc.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and affixed the seal of said Barth Metals Co. Inc. this 17th day of July , 1969.

  
Secretary

(CORPORATE SEAL)

ENDORSED  
FILED AND RECORDED

JUL 21 1969  
COMM. & RECORDS



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# Notes



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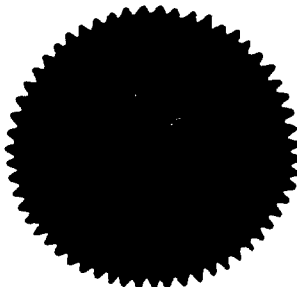
# State of DELAWARE

Office of SECRETARY OF STATE

371627  
by LDA  
Date 1/27/77  
Amount 5.00

I, GROVER A. BIDDLE, Secretary of State of the State of Delaware, do hereby certify that the "I. SCHUMANN & COMPANY", filed a Certificate of Ownership, changing its corporate title to "OGDEN ALLOYS, INC.", on the thirtieth day of December, A.D. 1976, at 10 o'clock A.M.

IN TESTIMONY WHEREOF, I have hereunto set my hand  
and official seal at Dover this twenty-first  
day of January in the year of our Lord one  
thousand nine hundred and seventy-seven.



*Grover A. Biddle*  
Secretary of State

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

BARTH SMELTING & REFINING CORP.  
(a New Jersey corporation)

INTO

I. SCHUMANN & COMPANY  
(a Delaware corporation)

\* \* \* \* \*

I. SCHUMANN & COMPANY, a corporation organized and existing under the laws of Delaware, DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 6th day of May, 1968, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares (of each class) of the stock of BARTH SMELTING & REFINING CORP., a corporation incorporated on the 24th day of July, 1941, pursuant to the Corporation Law of the State of New Jersey.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted by the unanimous written consent of its members, filed with the minutes of the

board on the 20th day of December, 1976, determined to and did merge into itself said BARTH SMELTING & REFINING CORP.:

RESOLVED, that I. SCHUMANN & COMPANY merge, and it hereby does merge into itself said BARTH SMELTING & REFINING CORP., and assumes all of its obligations; and

FURTHER RESOLVED, that the merger shall become effective on January 2, 1977; and

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge said BARTH SMELTING & REFINING CORP. and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy recorded in the office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether with-in or without the State of Delaware, which may be in anywise necessary or proper to effect said merger; and

FURTHER RESOLVED that this corporation change its corporate name by changing Article "FIRST" of the Certificate of Incorporation of this corporation to read as follows:

"ARTICLE FIRST: The name of the corporation is  
OGDEN ALLOYS, INC."

FOURTH: Anything herein or elsewhere to the contrary notwithstanding, this merger may be terminated and abandoned by the board of directors of I. SCHUMANN & COMPANY at any time prior to the date of filing the merger with the Secretary of State.



REC'D 123 PAGE 31

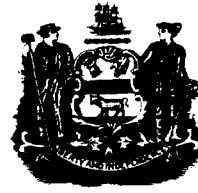
IN WITNESS WHEREOF, said I. SCHUMANN & COMPANY has caused this certificate to be signed by EUGENE J. DONOHUE, its Vice President and attested by J. L. EFFINGER, its Assistant Secretary, this 27<sup>th</sup> day of December, 1976.

I. SCHUMANN & COMPANY

By Eugene J. Donohue  
Vice President

ATTEST:

By J. L. Effinger  
J. L. Effinger  
Assistant Secretary



# State of DELAWARE

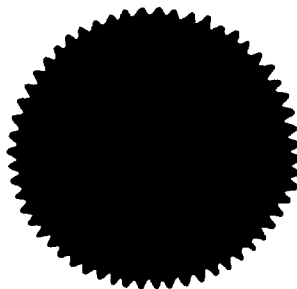
Office of SECRETARY OF STATE

*I, Robert H. Reed, Secretary of State of the State of Delaware,  
do hereby certify that the above and foregoing is a true and correct copy of*

Certificate of Ownership of the "I. SCHUMANN & COMPANY", a corporation organized and existing under the laws of the State of Delaware, merging "BARTH SMELTING & REFINING CORP.", a corporation organized and existing under the laws of the State of New Jersey, pursuant to Section 253 of the General Corporation Law of the State of Delaware, as received and filed in this office the thirtieth day of December, A.D. 1976, at 10 o'clock A.M.

And I do hereby further certify that the said "I. SCHUMANN & COMPANY", has relinquished its corporate title and assumed in place thereof "OGDEN ALLOYS, INC."

In Testimony Whereof, *I have hereunto set my hand  
and official seal at Dover this* thirtieth *day*  
*of* December *in the year of our Lord*  
*one thousand nine hundred and* seventy-six.



*Robert H. Reed*

Robert H. Reed

Secretary of State

Grover A. Biddle Assistant Secretary of State

LEO J. DUGAN Jr. Secretary

PLEASE RETURN TO  
THE CORPORATION TRUST COMPANY

Certified Copy

STATE OF ALABAMA

UNDER NAME OF

CORPORATION

RECEIVED FOR RECORD

DEC 30 1976

LEO J. DUCAN, Jr., Register

FILED

DEC 30 1976

*John H. Reed*  
SECRETARY OF STATE

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# Notes





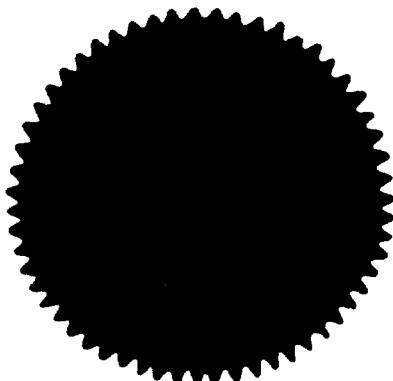
VOL 134 PAGE 633

# State of DELAWARE

Office of SECRETARY OF STATE

*I, Glenn C. Kenton, Secretary of State of the State of Delaware,*  
*do hereby certify that the above and foregoing is a true and correct copy of*  
Certificate of Ownership of the "OGDEN METALS, INC.", merging "OGDEN ALLOYS, INC.",  
pursuant to Section 253 of the General Corporation Law of the State of Delaware,  
as received and filed in this office the ninth day of December, A.D. 1980, at 10  
o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand*  
*and official seal at Dover this* ninth *day*  
*of* December *in the year of our Lord*  
*one thousand nine hundred and* eighty.



RECEIVED FOR RECORD

DEC 9 1980

LEO J. DUGAN, Jr. Recorder

*Glenn C. Kenton*  
Glenn C. Kenton, Secretary of State

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

OGDEN ALLOYS, INC.

INTO

OGDEN METALS, INC.

\* \* \* \* \*

Ogden Metals, Inc., a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 8th day of February, 1968, pursuant to the General Corporation Laws of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares of stock of Ogden Alloys, Inc., a corporation incorporated on the 6th day of May, 1968, pursuant to the General Corporation Laws of the State of Delaware.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted by the unanimous written consent of its members, filed with the minutes of the board on the 8 day of December, 1980, determined to and did merge into itself said Ogden Alloys, Inc.,:

RESOLVED, that Ogden Metals, Inc., merge, and it hereby does merge into itself said Ogden Alloys, Inc., and assumes all of its obligations; and

FURTHER RESOLVED, that the merger shall be effective on December 30, 1980.

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge said Ogden Alloys, Inc., and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy recorded in the office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger.

IN WITNESS WHEREOF, said Ogden Metals, Inc., has caused this certificate to be signed by Donald A. Krenz, its Vice President and attested by J. L. Effinger, its Assistant Secretary, this 8 day of December, 1980.

OGDEN METALS, INC.

ATTEST:

By: Donald A. Krenz

Vice President - Donald A Krenz

J. L. Effinger  
Assistant Secretary J. L. Effinger



PLEASE RETURN TO  
THE CORPORATION TRUST COMPANY

CERTIFICATE OF OWNERSHIP AND MERGER

OF

OGDEN METALS, INC. (DE. DOM.)

MERGING

OGDEN ALLOYS, INC. (DE. DOM.)

RECEIVED FOR RECORD

DEC 9 1980

TO J. DUGAN, Jr., Recording

FILED

DEC 9 1980

*Wm. C. K... ..*  
SECRETARY OF STATE

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# Notes

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Office of Secretary of State

I, GLENN C. KENTON, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP OF OGDEN AMERICAN CORPORATION, A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, MERGING OGDEN METALS, INC. A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, PURSUANT TO SECTION 253 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE THIRD DAY OF APRIL, A.D. 1984, AT 10 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

1 1 1 1 1 1 1 1 1



Glenn C. Kenton, Secretary of State

AUTHENTICATION: 10217955

DATE: 04/04/1984

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CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

OGDEN METALS, INC.

INTO

OGDEN AMERICAN CORPORATION

Ogden American Corporation, a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 26th day of September, 1955, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares (of each class) of the stock of Ogden Metals, Inc., a corporation incorporated on the 8th day of February, 1968, pursuant to the General Corporation Law of the State of Delaware.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted by the unanimous written consent of its members, filed with the minutes of the board on the 30th day of March, 1984, determined to and did merge into itself said Ogden Metals, Inc.:

RESOLVED, that Ogden American Corporation merge, and it hereby does merge into itself said Ogden Metals, Inc. and assumes all of its obligations; and

FURTHER RESOLVED, that the merger shall become effective on April 3, 1984.

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge said Ogden Metals, Inc. and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy recorded in the office of the Recorder of Deeds of New Castle County and to do all acts and things

whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger; and

FOURTH: Anything herein or elsewhere to the contrary notwithstanding this merger may be amended or terminated and abandoned by the board of directors of Ogden American Corporation at any time prior to the date of filing the merger with the Secretary of State.

IN WITNESS WHEREOF, said Ogden American Corporation has caused this certificate to be signed by Robert E. Curry, Jr., its Vice President, and attested by Kathleen Ritch, its Assistant Secretary, this 30th day of March, 1984.

OGDEN AMERICAN CORPORATION

By:   
Vice President

Attest:

By:   
Assistant Secretary



# Notes

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CERTIFICATE OF OWNERSHIP AND MERGER

MICHIGAN

OGDEN AMERICAN CORPORATION

INTO

OGDEN MANAGEMENT CORPORATION

Ogden Management Corporation, a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 22nd day of July, 1966, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares (of each class) of the stock of Ogden American Corporation, a corporation incorporated on the 26th day of September, 1955, pursuant to the General Corporation Law of the State of Delaware.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted by the unanimous written consent of its members, filed with the minutes of the board on the 30th day of March, 1984, determined to and did merge into itself said Ogden American Corporation:

RESOLVED, that Ogden Management Corporation merge, and it hereby does merge into itself said Ogden American Corporation and assumes all of its obligations; and

FURTHER RESOLVED, that the merger shall become effective on April 4, 1984.

FURTHER RESOLVED, that the proper officers of this corporation be and they hereby are directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge said Ogden American Corporation and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy recorded in the office of the Recorder of Deeds of New Castle County and to do all acts and things

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whatsoever, whether within or without the State of Delaware,  
which may be in anywise necessary or proper to effect said  
merger; and

FOURTH: Anything herein or elsewhere to the contrary  
notwithstanding, this merger may be amended or terminated and  
abandoned by the board of directors of Ogden Management  
Corporation at any time prior to the date of filing the merger  
with the Secretary of State.

IN WITNESS WHEREOF, said Ogden Management Corporation has  
caused this certificate to be signed by Robert E. Curry, Jr.,  
its Vice President, and attested by Kathleen Ritch, its  
Assistant Secretary, this 30th day of March, 1984.

OGDEN MANAGEMENT CORPORATION

By:   
Vice President

Attest:

By:   
Assistant Secretary



# Notes

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CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

OGDEN AMERICAN CORPORATION

INTO

OGDEN CORPORATION

FILED

JAN 2 1987

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Ogden Corporation, a corporation organized and existing under the laws of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 4th day of August, 1939, pursuant to the Delaware General Corporation Law.

SECOND: That this corporation owns all of the outstanding shares of the stock of Ogden American Corporation, a corporation incorporated on the 22nd day of July, 1966, pursuant to the Delaware General Corporation Law.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 20th day of November, 1986, determined to and did merge into itself said Ogden American Corporation:

RESOLVED, that Ogden Corporation merge, and it hereby does merge into itself said Ogden American Corporation, and assumes all of its obligations; and it is

FURTHER RESOLVED, that the merger shall be effective upon the date of filing with the Secretary of State of Delaware; and it is

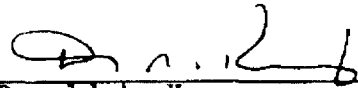
FURTHER RESOLVED, that the proper officers of this Corporation be and they hereby are directed to make and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions to merge said Ogden American Corporation and assume its liabilities and obligations, and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and a certified copy

recorded in the office of the Recorder of Deeds of New Castle County and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger.

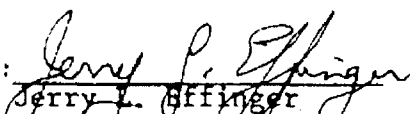
FOURTH: Anything herein or elsewhere to the contrary notwithstanding, this merger may be amended or terminated and abandoned by the Board of Directors of Ogden Corporation at any time prior to the date of filing the merger with the Secretary of State.

IN WITNESS WHEREOF, said Ogden Corporation has caused this certificate to be signed by Donald A. Krenz, its President & Chief Operating Officer, and attested by Jerry L. Effinger, its Assistant Secretary, this 2nd day of January, 1987.

OGDEN CORPORATION

By:   
Donald A. Krenz  
President & Chief  
Operating Officer

ATTEST:

By:   
Jerry L. Effinger  
Assistant Secretary



# Notes

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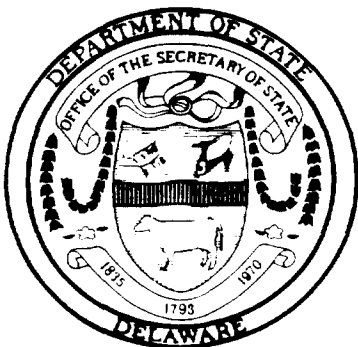




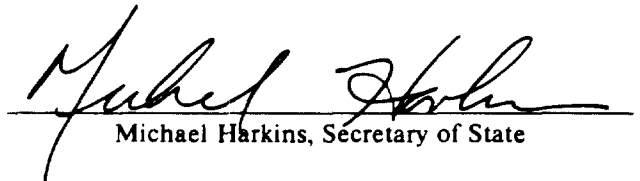
## Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF  
DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT  
COPY OF THE CERTIFICATE OF RESTATED CERTIFICATE OF INCORPORATION  
OF OGDEN CORPORATION FILED IN THIS OFFICE ON THE TWENTY-SEVENTH  
DAY OF MAY, A.D. 1988, AT 1:05 O'CLOCK P.M.

1 1 1 1 1 1 1 1 1



883148112

  
Michael Harkins, Secretary of State

AUTHENTICATION: 11731421

DATE: 05/31/1988

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RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
OGDEN CORPORATION

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Pursuant to Section 245 of the  
General Corporation Law of the State of Delaware

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OGDEN CORPORATION, a Delaware corporation organized under that same name on August 4, 1939, does hereby restate and integrate, without further amendment, its Certificate of Incorporation, as heretofore amended, restated or supplemented, to read as follows:

SECTION 1. The name of the Corporation is OGDEN CORPORATION.

SECTION 2. The registered office of the Corporation in the State of Delaware is located at 229 South State Street, City of Dover, County of Kent. The name and address of the registered agent at that address is Prentice-Hall Corporation System, Inc., 229 South State Street, Dover, Delaware.

SECTION 3. The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by the Corporation are as follows:

(a) To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, warrants, securities, evidences of indebtedness, contracts or obligations of any corporations, associations or trust estates, domestic or foreign, or of any firm or individual, or of the United States or

any state, territory or dependency of the United States, or of any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor stocks, bonds or other securities or evidences of indebtedness of the Corporation, and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting power thereon;

(b) To aid in any manner any corporation, association or trust estate, domestic or foreign, or any firm or individual, any shares of stock in which or any bonds, debentures notes, securities, scrip, warrants evidences of indebtedness, contracts or obligations of which are held by or for the Corporation, directly or indirectly, or in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by the Corporation or in which it may be at any time interested, directly or indirectly or through other corporations or otherwise; and to organize or promote or facilitate the organization of subsidiary companies;

(c) To borrow money, to issue bonds, promissory notes, bills of exchange, debentures, and other obligations and evidences of indebtedness, whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed or in payment for property purchased or acquired or for any other lawful object; to mortgage or pledge all or any part of its properties, rights, interests and franchises including any or all shares of stock, bonds, debentures, notes, scrip, warrants, securities, evidences of indebtedness, contracts or obligations at any time owned by it;

(d) To guarantee the payment of dividends upon any capital stock and to endorse or otherwise guarantee the principal or interest, or both, of any bonds, debentures, notes, scrip or other obligations or evidences of indebtedness, or the performance of any contract or obligation, of any other corporation, trust estate or association, domestic or foreign, or of any firm or individual in which the Corporation may have a lawful interest, in so far and to the extent that such guaranty may be permitted by law;

(e) To purchase or otherwise acquire

shares of its own stock and options to purchase shares of its own stock (so far as may be permitted by law) and its bonds, debentures, notes, scrip, warrants or other securities or evidences of indebtedness, and to cancel or to hold, transfer or reissue the same to such persons, firms, corporations or associations and upon such terms and conditions as the Board of Directors may in its discretion determine, without offering any thereof on the same terms or on any terms to the stockholders then of record or to any class of stockholders;

(f) To buy, sell and otherwise deal in notes, open accounts and other similar evidences of debt or to loan money and to take notes, open accounts and other similar evidences of debt as collateral security therefor;

(g) To acquire, buy, hold, own, sell, lease, exchange, dispose of, finance, deal in, construct, build, establish, equip, improve, use, operate, maintain and work upon, any and all kinds of manufacturing plants and service organizations;

(h) To acquire, buy, hold, own, sell, lease, exchange, dispose of, distribute, deal in, use, produce, furnish and supply electricity, gas, light, heat, ice, refrigeration, water, steam and power or any other power or force in any form and for any purposes whatsoever;

(i) To acquire, organize, assemble, develop, build up and operate constructing, manufacturing, producing, engineering, servicing, supplying, operating and other organizations and systems and to hire, sell, lease, exchange, turn over, deliver and dispose of such organizations, in whole or in part, and as going organizations and systems and otherwise, and to enter into and perform contracts, agreements and undertakings of any kind in connection with any or all of the foregoing purposes;

(j) To do all and everything necessary and proper for the accomplishment of the objects herein enumerated or necessary or incidental to the protection and benefit of the Corporation, and in general to carry on any lawful business necessary or incidental to the attainment of the purposes of the Corporation, whether such business is similar in nature to the objects and powers hereinabove set forth, or otherwise; but nothing herein contained is to be construed as giving the Corporation the power of issuing bills, notes or other evidences of debts for circulation as money, or the power of carrying on the

business of receiving deposits of money, or the business of buying gold or silver bullion or foreign coins, or the business of constructing, maintaining and operating public utilities within the State of Delaware;

(k) To do any or all things herein set forth to the same extent as natural persons might or could do, as principal, agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms, associations, trust estates or corporations;

(l) To conduct its business in the State of Delaware, other states, the District of Columbia, the territories and colonies of the United States and in foreign countries, and to have one or more offices without as well as within the State of Delaware and to hold, purchase, mortgage and convey real or personal property without as well as within the State of Delaware.

SECTION 4. The foregoing Section 3 shall be construed as defining both the objects, and the purposes and powers, of the Corporation, but the foregoing enumeration of specific objects, purposes and powers shall not be held to limit or restrict in any manner the powers of the Corporation, but is in furtherance of, and in addition to, the general powers conferred upon corporations organized under the General Corporation Law of the State of Delaware.

It is intended that none of the objects, purposes and powers specified in the several Paragraphs of Section 3 shall, except as herein otherwise expressly provided, in anywise be limited or restricted by reference to or inference from the terms of any other of said Paragraphs, and that each of the objects, purposes and powers specified in Section 3 shall be regarded as independent objects, purposes and powers.

SECTION 5. The total number of shares of capital stock that may be issued by the Corporation is 84,000,000 of which 4,000,000 shares of the par value of \$1 each shall be Preferred Stock (hereinafter in this Section 5 referred to as "Preferred Stock") and 80,000,000 shares of the par value of \$0.50 each shall be Common Stock. Shares of the stock of any class of the Corporation may be issued from time to time for such legally sufficient consideration as may be fixed from time to time by the Board of Directors.

No holder of any stock of any class of the Corporation shall, as such holder, have any right to purchase or subscribe for any shares of the capital stock of any class of the Corporation which it may issue or sell, whether or not such stock is convertible into or exchangeable for any stock of the Corporation of any other class, and whether out of the number of shares authorized by the certificate of incorporation of the Corporation as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Corporation acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Corporation may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Corporation or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Corporation, any shares of its capital stock of any class.

A description of the different classes of stock of the Corporation and a statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restriction thereof, in respect of each class of said stock are as follows:

**PART I.      Provisions Applicable to All Series of Preferred Stock**

1.01 The Preferred Stock may be issued from time to time in one or more series. The terms of the initial series shall be as specified in this Part I and in Part II of this Section, and the terms of each subsequent series shall be as specified in this Part I and in the resolution or resolutions adopted by the Board of Directors providing for the issue of such series, which resolution or resolutions the Board of Directors is hereby expressly authorized to adopt. Such resolution or resolutions with respect to a series other than the initial series shall specify: (1) the number of shares to constitute such series and the distinctive designation thereof; (2) the annual dividend rate on the shares of such series, whether or not dividends shall be cumulative, and the date or dates from which dividends shall accrue and, if cumulative, shall be cumulative; (3) the time or times and price or prices of redemption, if any, of the shares of such series; (4) the terms and condi-

tions of a retirement or sinking fund, if any, for the purchase or redemption of the shares of such series; (5) the amount which shares of such series shall be entitled to receive in the event of any liquidation, dissolution or winding up of the Corporation; (6) the terms and conditions, if any, on which shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, or other series of the same class, of the Corporation; (7) the voting rights, if any, of shares of such series in addition to those granted by Paragraph 1.05 of this Section 5; (8) the status as to reissuance or sale of shares of such series redeemed, purchased or otherwise reacquired, or surrendered to the Corporation on conversion or exchange; (9) the conditions and restrictions, if any, on the payment of dividends or on the making of other distributions on, or the purchase, redemption or other acquisition by the Corporation or any subsidiary, of the Common Stock or of any other class of stock of the Corporation ranking junior to the shares of such series as to dividends or upon liquidation; (10) the conditions and restrictions, if any, on the creation of indebtedness of the Corporation, or any subsidiary, or on the issue of any additional stock ranking on a parity with or prior to the shares of such series as to dividends or upon liquidation; and (11) such other preferences, rights, restrictions and qualifications as shall not be inconsistent herewith.

All shares of the Preferred Stock shall rank equally and be identical in all respects regardless of series, except as to terms which may be specified by the Board of Directors pursuant to the foregoing provisions of this Paragraph 1.01 or as to the terms of the initial series specified in Part II of this Section 5. All shares of any one series of the Preferred Stock shall be of equal rank and identical in all respects, except that if shares of any one series are issued at different times, the subsequently issued shares need not be entitled to receive dividends previously paid on the outstanding shares of such series.

1.02 The holders of the Preferred Stock shall be entitled to receive out of the net profits or net assets of the Corporation available for dividends, when and as declared by the Board of Directors, cash dividends at the annual rate specified for each particular series, and no more, payable quarterly from and on the date or dates specified for each such series, before any dividends shall be declared and paid upon or set apart for the Common Stock. If dividends on the Preferred Stock of any series are

not paid in full when payable or declared in full and sums set apart for the payment thereof, then no dividends shall be declared and paid on any Preferred Stock unless declared and paid ratably on all shares of each series of the Preferred Stock then outstanding, including dividends accrued or in arrears, if any, in proportion to the respective amounts that would be payable per share if all such dividends were declared and paid in full.

1.03 The Preferred Stock shall be preferred over the Common Stock as to assets, and in the event of any liquidation or dissolution or winding up of the Corporation (whether voluntary or involuntary) the holders of the Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to its stockholders, whether from capital, surplus or earnings, the amount specified for each particular series, together with all dividends (whether or not earned) accrued or in arrears, for every share of their holdings of Preferred Stock before any distribution of the assets shall be made to the holders of the Common Stock, and shall be entitled to no other or further distribution. If upon any liquidation, dissolution or winding up of the Corporation the assets distributable among the holders of Preferred Stock shall be insufficient to permit the payment in full to the holders of the Preferred Stock of all preferential amounts payable to all such holders, then the entire assets of the Corporation thus distributable shall be distributed ratably among the holders of the Preferred Stock in proportion to the respective amounts that would be payable per share if such assets were sufficient to permit payment in full.

For purposes of this Paragraph 1.03, neither the consolidation nor merger of the Corporation with or into any other corporation, nor any sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 5, unless the Board of Directors of the Corporation elects to treat such transaction as a liquidation, dissolution or winding up of the Corporation.

1.04 The whole or any part of the Preferred Stock at any time outstanding, or the whole or any part of any series thereof, may be redeemed by the Corporation at its election, expressed by resolution of the Board of Directors, upon notice to the holders of record of the Preferred Stock to be redeemed, given as hereinafter provided, at the time or times



and price or prices specified for each particular series together with all dividends (whether or not earned) accrued or in arrears (hereinafter in this Section 5 called the "redemption price"). If less than all of the Preferred Stock then outstanding, or of any series thereof, is to be redeemed, the redemption may be made either by lot or pro rata, in such manner as may be prescribed by resolution of the Board of Directors. A notice of such election shall be mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the date specified in such notice as the redemption date, addressed to the respective holders of record of the Preferred Stock to be redeemed at their respective addresses as the same shall appear on the stock transfer records of the Corporation. Notice having been so given, unless default shall be made by the Corporation in providing moneys for the payment of the redemption price pursuant to such notice, all dividends on Preferred Stock thereby called for redemption shall cease to accrue from and after the date of redemption specified in such notice. The notice may specify a date (which may be on or prior to the date of redemption so specified) on which the Corporation shall provide the moneys for the payment of the redemption price by depositing the amount thereof with a bank or trust company doing business in the Borough of Manhattan, the City of New York, and having a capital and surplus of at least \$10,000,000, and on the date so specified all rights of the holders of Preferred Stock called for redemption, as stockholders of the Corporation, except the right to receive the redemption price (but without interest), and the right, if any, to exercise all privileges of conversion specified for any particular series, shall cease and determine. Any interest allowed on moneys so deposited shall be paid to the Corporation. Any moneys so deposited which shall remain unclaimed by the holders of such Preferred Stock at the end of six years after the redemption date shall become the property of, and be paid by such bank or trust company to, the Corporation.

1.05 So long as any shares of any series of Preferred Stock shall be outstanding and unless the consent or approval of a greater number of shares shall then be required by law, without first obtaining the consent or approval of the holders of at least two-thirds of the number of shares of each series at the time outstanding, given in person or by proxy at a meeting at which the holders of Preferred Stock shall be entitled to vote separately as a class, the Corporation shall not: (1) authorize shares of any class or series of stock having any

preference or priority as to dividends or upon liquidation (hereinafter referred to as "Senior Stock") over the Preferred Stock; (2) reclassify any shares of stock of the Corporation into shares of Senior Stock; (3) authorize any security exchangeable for, convertible into, or evidencing the right to purchase any shares of Senior Stock; (4) amend, alter or repeal the Certificate of Incorporation of the Corporation to alter or change the preferences, rights or powers of the Preferred Stock of any series so as to affect such stock adversely, provided, however, that if required by law the consent or approval of the holders of at least two-thirds of the number of outstanding shares of Preferred Stock as a class, similarly given, shall be required in addition to the consent or approval of the holders of at least two-thirds of the number of outstanding shares of each series of Preferred Stock; or (5) effect the voluntary liquidation, dissolution or winding up of the Corporation, or the sale, lease, exchange of all or substantially all of the assets, property or business of the Corporation, or the merger or consolidation of the Corporation with or into any other corporation (except a wholly-owned subsidiary of the Corporation), provided, however, that no separate vote of the holders of the Preferred Stock as a class or of any series thereof shall be required in the case of a merger or consolidation or a sale, exchange or conveyance of all or substantially all of the assets, property or business of the Corporation (such transactions being hereinafter in this provision referred to as a "reorganization") if (a) the resulting, surviving or acquiring corporation will have after such reorganization no stock either authorized or outstanding (except such stock of the Corporation as may have been authorized or outstanding immediately preceding such reorganization, or such stock of the resulting, surviving or acquiring corporation as may be issued in exchange therefor) ranking prior to the Preferred Stock or the stock of the resulting, surviving or acquiring corporation issued in exchange therefor, and (b) each holder of shares of Preferred Stock immediately preceding such reorganization will receive in exchange therefor the same number of shares of stock, with substantially the same preferences, rights and powers, of the resulting, surviving or acquiring corporation.

For purposes of this Paragraph 1.05, all Preferred Stock entitled to \$50 per share or more in a voluntary liquidation shall be deemed to be one series.

**PART II.      Special Provisions Applicable to  
Initial Series of Preferred Stock.**

There is hereby established an initial series of Preferred Stock which shall be designated "\$1.875 Cumulative Convertible Preferred Stock (Partially Participating)" (hereinafter called "Series A Preferred Stock") and shall consist of 1,283,546 shares, and no more. The powers, privileges and relative, participating, optional and other special rights and qualifications, limitations and restrictions, other than those specified for all series of Preferred Stock in Part I of this Section, of the Series A Preferred Stock, shall be as follows:

2.01 (A) The minimum dividend rate for the Series A Preferred Stock shall be \$1.875 per share per annum, and the holders of the Series A Preferred Stock shall be entitled to receive an additional amount per share equal to 50% of the excess, if any, by which the dividend paid or any cash distribution made on the Common Stock in the preceding calendar quarter exceeded 20¢ per share (subject to adjustment as provided in subparagraph (B) of this Paragraph 2.01). Such dividends shall accrue and be cumulative from the first day of the quarterly dividend period in which such shares of Series A Preferred Stock shall be issued, except that if the shares are issued after the dividend record date for such quarterly period, such dividends shall accrue and be cumulative from the first day of the next following quarterly dividend period, and except further that in the case of shares issued at the closing date (hereinafter called the "Closing Date") under the Plan and Agreement of Reorganization dated September 18, 1967 between Ogden Corporation and ABC Consolidated Corporation (herein called the "Plan of Reorganization"), such dividends shall accrue and be cumulative from December 30, 1967 and shall be payable on the twenty-ninth days of March, June, September and December in each year commencing March 29, 1968. The record date for determining stockholders entitled to receive such dividends shall be as at the close of business on the 14th day of the calendar month of the dividend payment date, except that if such 14th day shall be a legal holiday the record date shall be as at the close of business on the business day next preceding such 14th day. Dividends upon the Series A Preferred Stock shall be cumulative so that, if dividends upon the outstanding Series A Preferred Stock from the date on which such dividends commence to accrue to the end of the then previous quarterly dividend period shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the

amount of the deficiency shall be paid, but without interest, or dividends in such amount shall be declared and set apart for payment, before any dividends (other than dividends payable in shares of Common Stock) shall be declared or paid upon or set apart for or any other distribution (other than a distribution of shares of Common Stock) shall be declared or paid in respect of, the Common Stock and before any Common Stock shall be purchased by the Corporation or any subsidiary.

(B) Adjustment of the figure 20 cents per share of Common Stock for the purpose of determining an additional amount of dividend payable on the Series A Preferred Stock in any quarterly dividend period shall be made if, at or before the record date for the dividend on the Common Stock in such period, there shall have occurred any subdivision, combination or reclassification of shares, or any merger, consolidation or reorganization of the Corporation resulting in a change in the Common Stock, in any of which events the adjustment shall be proportional so as to result in an equitable equivalent of the 20 cents per share of Common Stock as constituted at the Closing Date, and for this purpose stock dividends shall be considered a subdivision of shares; provided, that no adjustment shall be made effective unless it (together with all prior adjustments) shall result in payment of at least an additional one cent per share of Series A Preferred Stock in the quarterly dividend period but all adjustments not made effective hereunder shall be carried forward and accumulated until made effective hereunder.

2.02 The amount distributable on the Series A Preferred Stock in the event of any voluntary liquidation, dissolution or winding up of the Corporation shall be equal to the then current redemption price thereof, or, if such event occurs before March 29, 1973, at the initial redemption price thereof, and in the event any involuntary liquidation, dissolution, or winding up of the Corporation shall be \$20.15 per share, plus in either case an amount equal to all dividends (whether or not earned) accrued or in arrears thereon. For the purposes of this paragraph 2.02, (a) a liquidation, dissolution or winding up of the Corporation shall be deemed to be involuntary only if it shall be effected without the vote provided for in Paragraph 1.05(5), and (b) shall be deemed not to be a liquidation, dissolution or winding up if it constitutes or is part of a reorganization as defined in the proviso in Paragraph 1.05(5).

2.03 The Corporation may redeem the Series A

Preferred Stock at any time or from time to time on and after (but not before) March 29, 1973. The initial price at which such stock may be redeemed shall be \$52.50 per share and this price shall decline by 25 cents on each of the ten next succeeding anniversaries of the aforesaid date so that on March 29, 1983 and at all times thereafter the price at which such stock may be redeemed shall be \$50 per share, plus in each case an amount equal to all dividends (whether or not earned) accrued or in arrears thereon.

2.04 In the event that any quarterly dividend due on any shares of Series A Preferred Stock shall be in default, until all such defaults have been cured, the Corporation shall not (A) redeem any shares of Series A Preferred Stock or any other stock ranking junior to or on a parity with the Series A Preferred Stock either with respect to payment of dividends or upon liquidation, unless all outstanding shares of Series A Preferred Stock shall be redeemed, or (B) purchase or otherwise acquire any shares of Series A Preferred Stock or any other stock ranking junior to or on a parity with the Series A Preferred Stock either with respect to payment of dividends or upon liquidation, except in accordance with a purchase offer made by the Corporation to all holders of record of the Series A Preferred Stock, and the holders of all other Preferred Stock included in such offer, providing for the purchase of the Series A Preferred Stock at a stated price per share (which price and the stated prices per share for any other Preferred Stock included in such offer shall be in equal proportion to the respective redemption prices then applicable to the Series A Preferred Stock and any other Preferred Stock) and upon stated terms, other than price, which shall be the same with respect to all classes and series of stock included in such offer.

2.05 (a) Subject to the provisions for adjustment hereinafter in this Paragraph 2.05 set forth, each share of the Series A Preferred Stock shall be convertible at the option of the holder thereof, upon surrender to the Corporation, or to any Transfer Agent of the Corporation, of the certificate or certificates for the shares so to be converted, into fully paid and non-assessable shares of the Common Stock, at the conversion ratio of 1.5417 shares of the Common Stock for each share of the Series A Preferred Stock so surrendered. Any shares so surrendered for conversion shall be duly endorsed, or accompanied by proper instruments of transfer, to the Corporation or in blank, together with a written

notice to the Corporation of the election to make such conversion and of the name or names in which the certificate or certificates for shares of the Common Stock shall be issued. The right to convert shares of the Series A Preferred Stock called for redemption shall terminate at the close of business on the date fixed for such redemption or at the close of business on such earlier day, not earlier than the 5th day prior to the date fixed for such redemption, as shall be determined by the Board of Directors of the Corporation. Upon conversion of any shares of the Series A Preferred Stock, no allowance or adjustment shall be made for accumulated unpaid dividends on the Series A Preferred Stock or for dividends on the Common Stock issued upon such conversion. The Corporation shall pay all taxes and other charges in respect of the issue of shares of the Common Stock upon any such conversion; provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of the Common Stock in a name other than that in which the shares of the Series A Preferred Stock so converted were registered.

(b) The number of shares of the Common stock and the number of shares of other stock of the Corporation, if any, into which each share of the Series A Preferred Stock is convertible shall be subject to adjustment from time to time as follows:

(1) Whenever the Corporation shall (i) take a record of the holders of the Common Stock for the purpose of determining the holders entitled to receive a dividend declared payable in stock of the Corporation, (ii) subdivide the outstanding shares of the Common Stock, (iii) combine the outstanding shares of the Common Stock into a smaller number of shares, (iv) issue by reclassification of the Common Stock any shares of stock of the Corporation, (v) consolidate or merge with or into another corporation, or (vi) sell or convey to another corporation all or substantially all of the assets of the Corporation in exchange for securities of such other corporation, the conversion ratio shall be adjusted so that the holder of each share of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such share the number and kind of shares or securities of the Corporation or any resulting or surviving corporation or other property which he would own or be entitled to receive after the happening of any of the events described above had such shares of Series A Preferred Stock been converted immediately prior to the happening of such event. Effective provision shall be made in the

Certificate of Incorporation of the Corporation or of the resulting or surviving corporation or otherwise, so that the provisions set forth herein for the protection of the conversion rights of Series A Preferred Stock shall thereafter be applicable, as nearly as reasonably may be, to any such other shares of stock or other securities and property deliverable upon conversion of the Series A Preferred Stock remaining outstanding or other convertible securities received by the holders in place thereof; and any such resulting or surviving corporation shall expressly assume the obligation to deliver, upon the exercise of the conversion privilege, such shares, securities or property as the holders of the Series A Preferred Stock remaining outstanding, or other convertible securities received by the holders thereof, shall be entitled to receive pursuant to the provisions hereof, and to make provisions for the protection of the conversion right as above provided. In case securities or property other than Common Stock shall be issuable or deliverable upon conversion as aforesaid, then all references in this Paragraph 2.05 shall be deemed to apply, so far as appropriate and as nearly as may be, to such securities or property. The provisions of this subparagraph shall similarly apply to successive reorganizations, classifications, changes, consolidations, mergers, sales or conveyances.

(2) Whenever the Corporation shall take a record of the holders of the Common Stock for the purpose of determining the holders entitled to subscribe for or purchase shares of the Common Stock at a price per share less than the current market price, the conversion ratio shall be adjusted so that the number of shares of the Common Stock into which each share of the Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of the Common Stock into which such share of the Series A Preferred Stock was theretofore convertible by a fraction of which the numerator shall be the number of shares of the Common Stock outstanding immediately prior to the taking of such record plus the number of additional shares of the Common Stock offered for subscription or purchase and of which the denominator shall be the number of shares of the Common Stock outstanding immediately prior to the taking of such record plus the number of shares which the aggregate offering price (without deduction of any expenses, including commission or discounts) of the total number of shares so offered would purchase at the current market price.

(3) Whenever the Corporation shall take a

record of the holders of the Common Stock for the purpose of determining the holders entitled to receive any distribution of evidences of its indebtedness or assets (other than any distribution of cash), or rights to subscribe for or purchase any evidences of the Corporation's indebtedness or assets, other than rights referred to in subdivision (2) of this subparagraph (b), the conversion ratio shall be adjusted so that the number of shares of the Common Stock into which each share of the Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of the Common Stock into which such share of the Series A Preferred Stock was theretofore convertible by a fraction of which the numerator shall be the current market price per share of the Common Stock and of which the denominator shall be the current market price per share of the Common Stock less the fair value (as determined by the Board of Directors of the Corporation, whose determination shall be conclusive, and as described in a statement filed with each Transfer Agent) of the portion of the assets (considered as securities of a going business if such assets consist of equity securities of a going business) or evidences of such indebtedness so distributed or of such subscription or purchase rights applicable to one share of the Common Stock.

(4) In the event of any action or proposed action by the Corporation wherein, in the opinion of the Board of Directors, the other provisions of this Paragraph 2.05 are not strictly applicable, or, if strictly applicable, would not fairly protect the conversion rights of the Series A Preferred Stock, then the Board of Directors shall make an adjustment in the application of such provisions, or shall take such other action, if any, as the Board of Directors may deem appropriate, so as to protect the rights of the holders of Series A Preferred Stock. In no event shall the number of shares of Common Stock issuable upon conversion of Series A Preferred Stock be reduced pursuant to any adjustment under subdivisions (2) or (3) of subparagraph (b).

The certificate of any independent firm of public accountants of recognized standing selected by the Board of Directors of the Corporation shall be conclusive evidence of the correctness of any computation made under this subparagraph (b).

(c) For the purposes of any computation under subparagraph (b) of this Paragraph 2.05, the current market price per share of the Common Stock at any date shall be deemed to be the average of the



daily closing prices for the 30 consecutive business days commencing 45 business days before the day in question, and the closing price for each day shall be the last sales price or, in case no sale takes place on such date, the average of the closing bid and asked prices, in either case as officially quoted by the New York Stock Exchange, or, if the Common Stock should not then be listed or admitted to trading on such Exchange, the average of the closing bid and asked prices as furnished by any New York Stock Exchange firm selected from time to time by the Board of Directors of the Corporation for the purpose.

(d) Anything in the provisions of subdivisions (1), (2), and (3) of subparagraph (b) of this Paragraph 2.05 and of subparagraph (c) of this Paragraph 2.05 to the contrary notwithstanding, no adjustment in the number of shares of the Common Stock into which each share of the Series A Preferred Stock is convertible shall be required under such provisions unless such adjustment would require an increase or decrease in the conversion ratio of at least 8/10 of 1%; provided, however, that any adjustments which by reason of this subparagraph (d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. If the Corporation shall take a record of the holders of the Common Stock for the purpose of determining the holders entitled to receive any dividend, subscription, purchase or distribution rights and shall, thereafter and before the delivery to shareholders of any such dividend, subscription, purchase or distribution rights, legally rescind the authorization or abandon its plan to pay or deliver such dividend, subscription, purchase or distribution rights, then no adjustment in the number of shares of the Common Stock or of other stock of the Corporation into which each share of the Series A Preferred Stock is convertible shall be required by reason of the taking of such record.

(e) Whenever any adjustment is required in respect of the shares of the Common Stock into which each share of the Series A Preferred Stock is convertible, the Corporation shall forthwith (i) file with each Transfer Agent a statement describing in reasonable detail the adjustment and the method of calculation used, and certified by an independent firm of public accountants of recognized standing selected by the Board of Directors of the Corporation, and (ii) cause a copy of such notice to be mailed to the holders of record of the Series A Preferred Stock at the close of business on the day preceding the effective date of such adjustment.

(f) No fractions of shares of stock of any class of the Corporation at any time authorized shall be issuable upon any conversion of the Series A Preferred Stock. In lieu of any such fraction of a share, the person entitled to an interest in respect of such fraction shall be entitled as determined from time to time by the Board of Directors of the Corporation, to either (i) a scrip certificate for a fraction of a share, with such terms and conditions as the Board of Directors of the Corporation shall prescribe, or (ii) the cash equivalent of such fraction based upon the market value thereof on the date of such conversion which for the purpose of this subparagraph (f) shall be the selling price of the last sale of said stock on the last business day preceding the date of such conversion or, in case no sale shall take place on such day, the average of the closing bid and asked prices, in either case as officially quoted by the New York Stock Exchange or, if said stock should not then be listed or admitted to trading on said Exchange, the average of the closing bid and asked prices as furnished by any New York Stock Exchange firm selected from time to time by the Board of Directors of the Corporation for the purpose.

(g) The number of shares of the Common Stock outstanding at any time shall, for the purposes of subparagraph (b) of this Paragraph 2.05, include shares of the Common Stock issuable in respect of outstanding scrip certificates at the time still exchangeable for full shares of the Common Stock.

(h) The Corporation shall at all times reserve and keep available out of its authorized but unissued stock of each class the full number of shares of such stock into which all shares of the Series A Preferred Stock from time to time outstanding are convertible.

2.06 Any conversion rate determined or adjusted as provided in this Part II shall remain in effect until further adjustment as required herein. Upon each adjustment of the conversion rate, the Corporation at its expense shall cause the independent public accountants who regularly audit the books and accounts of the Corporation or other independent public accountants of recognized standing selected by the Corporation to compute such adjustment in accordance with the terms hereof and prepare a certificate setting forth such adjustment and showing in detail any facts upon which such adjustment is based, including a statement of (i) the number of shares of Common Stock outstanding or deemed to be outstanding, (ii) the consideration received or to be received by

the Corporation for each outstanding share issued (or deemed to have been issued) after the Closing Date and (iii) the conversion rate in effect immediately prior to the time each such outstanding share was (or was deemed to have been) issued, and such certificate, together with a written instrument signed by an officer of the Corporation setting forth the resolutions, if any, of the Board of Directors passed in connection with such adjustment, shall forthwith be filed with the Transfer Agent or Agents for the Series A Preferred Stock, and any adjustment so evidenced, made in good faith, shall be binding upon all shareholders and upon the Corporation.

2.07 Any conversion of Series A Preferred Stock into shares of Common Stock shall be made by the surrender to the Corporation, at the office of any Transfer Agent for the Series A Preferred Stock of the certificate or certificates representing the Series A Preferred Stock to be converted, duly endorsed or assigned (unless such endorsement or assignment be waived by the Corporation), together with a written request for conversion. Such conversion shall be deemed to have been made as of the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock upon such conversion shall be treated for all purposes as having become the record holder or holders of such shares of Common Stock at such time.

2.08 All shares of Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding, and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall forthwith cease and determine except only the right of the holders thereof to receive Common Stock and scrip or cash for fractions of a share in exchange therefor.

2.09 Such number of shares of Common Stock as may be necessary to provide for the conversion of all outstanding Series A Preferred Stock upon the basis herein provided are hereby reserved for such conversion, subject to the provisions of Paragraph 2.05. If the Corporation shall propose to issue any securities or to make any change in its capital structure which would change the number of shares of Common Stock into which the Series A Preferred Stock shall be convertible as herein provided, the Corporation shall at the same time also make proper provision so that thereafter there shall be a sufficient number of

shares of Common Stock authorized and reserved for conversion of the outstanding Series A Preferred Stock on the new basis.

2.10 Shares of Series A Preferred Stock redeemed, purchased, or surrendered upon conversion, or otherwise reacquired, may be reissued as shares of such series or as shares of such other series of Preferred Stock as may be determined by the Board of Directors of the Corporation.

2.11 In the event that, while any shares of Series A Preferred Stock shall remain outstanding:

(A) the Corporation shall declare any dividend (or any other distribution) on the Common Stock payable otherwise than in cash or in shares of Common Stock of the Corporation; or

(B) the Corporation shall offer for subscription pro rata to the holders of Common Stock any additional shares of stock of any class or any other securities; or

(C) there shall occur any consolidation with or merger of the Corporation into another corporation or a sale to another corporation of all or substantially all of the property of the Corporation, or a reclassification of the Common Stock of the Corporation into securities including securities other than Common Stock; or

(D) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

then, and in any one or more of such cases, the Corporation shall mail to each holder of Series A Preferred Stock at the address of each such holder shown in the stock records of the Corporation, a notice stating to the extent such information is available (i) the day on which the books of the Corporation shall close, or a record shall be taken, for such dividend, distribution or subscription rights and the amount and character of such dividend, distribution or subscription rights or (ii) the day on which such consolidation, merger, sale, reclassification, liquidation, dissolution or winding up shall take place and the terms of such transaction. Such notice shall be mailed at least 15 days in advance of the day therein specified.

2.12 Except as otherwise provided in this Certificate of Incorporation or as otherwise made manda-

tory by law, each holder of the Series A Preferred Stock shall be entitled to one-half vote for each share of such stock then outstanding and of record in his name on the books of the Corporation and the holders of the Series A Preferred Stock shall vote together with the holders of the Common Stock, the holders of any other series of Preferred Stock who are entitled to vote in such manner and the holders of any other class of stock of the Corporation who are entitled to vote in such manner, and not as a separate class; provided, however, that while the holders of one or more series of the Preferred Stock, voting as a class, shall be entitled to elect two Directors of the Corporation as provided in Paragraph 2.13 of this Part II, the holders of the Series A Preferred Stock shall not be entitled to participate in the election of any other Directors with the holders of shares of any other class or classes of stock who are entitled to vote.

2.13 If any time dividends on the Series A Preferred Stock shall be in default in an amount equal to or exceeding the dividends herein provided for such series for six quarterly periods, the holders of outstanding shares of Series A Preferred Stock, together with the holders of shares of other series of Preferred Stock who are entitled to vote in such manner, voting separately as a class, each share of Preferred Stock having one vote, shall become entitled at the next annual meeting of stockholders and at each annual meeting thereafter until all dividends in default of the Series A Preferred Stock shall have been paid, or declared a sum sufficient for the payment thereof set apart, to elect two Directors of the Corporation, and the remaining Directors of the Corporation shall be elected by the holders of stock of the Corporation entitled to vote at elections of Directors in the absence of such a default in the payment of dividends, excluding the holders of outstanding Preferred Stock entitled to elect such two Directors. When all such dividends shall thereafter be paid, or declared and a sum sufficient for the payment thereof set apart, the holders of the outstanding Preferred Stock entitled to vote in such manner (including the holders of the outstanding Series A Preferred Stock) shall then be divested of such right to elect two Directors of the Corporation and at the next annual meeting of stockholders and at each annual meeting thereafter each holder of such Preferred Stock shall again have the same voting rights, if any, at the election of Directors as such holder would have had but for such default in the payment of dividends, but always subject to the same provisions of the vesting of such right

to elect two Directors in case of any similar future default in the payment of dividends.

**PART III. Provisions Applicable to Common Stock.**

3.01 After the requirements in respect of dividends upon the Preferred Stock, as hereinbefore set forth, to the end of the then current quarterly dividend period for said stock, shall have been met, the holders of the Common Stock shall be entitled to receive out of any remaining net profits or net assets of the Corporation available for dividends, such dividends as may from time to time be declared by the Board of Directors, and the holders of the Common Stock shall be entitled to share ratably in any dividends so declared to the exclusion of the holders of the Preferred Stock except as otherwise expressly provided, in the case of Series A Preferred Stock and any other series of Preferred Stock having participating rights with the Common Stock as to dividends.

3.02 In the event of any liquidation or dissolution or winding up of the Corporation (whether voluntary or involuntary), after payment in full of the amounts hereinbefore stated to be payable in respect of the Preferred Stock, the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock, to share ratably per share of Common Stock in all the assets of the Corporation then remaining.

3.03 Except as otherwise provided in this Certificate of Incorporation or as otherwise made mandatory by law, each holder of Common Stock shall be entitled to one vote for each full share of such stock then outstanding and of record in his name on the books of the Corporation and the holders of the Common Stock shall vote together with the holders of the Series A Preferred Stock, the holders of any other series of Preferred Stock who are entitled to vote in such manner and the holders of any other class of stock of the Corporation who are entitled to vote in such manner, and not as a separate class.

**SECTION 6. (a)** At all meetings of the stockholders of the Corporation, each holder of record of Common Stock shall be entitled to one vote for each share of such class of stock standing in his name on the books of the Corporation, subject to the right of the Board of Directors to determine a record date for the purpose of determining the stockholders entitled to vote at any particular meeting. Cumulative voting shall not be permitted at election of directors.

(b) The affairs of this Corporation shall be conducted by a Board of Directors. Except as otherwise provided by this Section 6, the number of directors of the Corporation, not less than 12 nor more than 18, shall be fixed from time to time by the vote of a majority of the entire Board; provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office. Commencing with the annual election of directors by the stockholders of the Corporation in 1984, the directors of the Corporation shall be divided into three classes: Class I, Class II and Class III, each such class, as nearly as possible, to have the same number of directors. The term of office of the initial Class I directors shall expire at the annual election of directors by the stockholders of the Corporation in 1985, the term of office of the initial Class II directors shall expire at the annual election of directors by the stockholders of the Corporation in 1986, and the term of office of the initial Class III directors shall expire at the annual election of directors by the stockholders of the Corporation in 1987, or in each case thereafter when their respective successors are elected by the stockholders and qualify. At each annual election of directors by the stockholders of the Corporation held after 1984, the directors chosen to succeed those whose terms are then expired shall be identified as being of the same class as the directors they succeed and shall be elected by the stockholders of the Corporation for a term expiring at the third succeeding annual election of directors, or thereafter when their respective successors in each case are elected by the stockholders and qualify.

In the event that the holders of any class of stock of the Corporation, other than the holders of Common Stock, are entitled to elect directors as provided in Section 5, then the provisions of Section 5 with respect to their rights shall apply. The number of directors that may be elected by the holders of any class of stock, other than the holders of Common Stock, shall be in addition to the number specified by this Section 6 and any such additional directors shall be elected for terms expiring at the next annual meeting of stockholders and without regard to the classification of the remaining members of the Board of Directors.

If at any meeting for the election of directors, more than one class of stock, voting separately as classes, shall be entitled to elect one or more directors and there shall be a quorum of only one such class of stock, that class of stock shall be

entitled to elect its quota of directors notwithstanding the absence of a quorum of the other class or classes of stock.

(c) In case of an increase in the number of directors, subject to the provisions of Section 5, the additional directors may be elected by the Board of Directors and such directorships thereby created shall be apportioned among the classes of directors so as to maintain such classes as nearly equal in number as possible. In case of vacancies in the Board of Directors, subject to the provisions of Section 5, a majority of the remaining directors may elect directors to fill such vacancy.

(d) Notwithstanding any other provisions of this Certificate of Incorporation or the By-laws of the Corporation (and notwithstanding that a lesser percentage may be specified by law, this Certificate of Incorporation or the By-laws of the Corporation), the provisions of this Section 6 may not be repealed or amended in any respect, nor may any provision be adopted inconsistent with this Section 6, unless such action is approved by the affirmative vote of the holders of shares of stock of the Corporation representing not less than eighty percent (80%) of the votes which would be entitled to be cast generally in an election of directors."

SECTION 7. The Board of Directors shall have power at any time or from time to time (without any action by the stockholders of the Corporation) to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the Corporation, rights or options entitling the holders thereof to purchase from the Corporation any shares of its capital stock of any class or classes, such rights or options to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors. The terms upon which, the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which any such shares may be purchased from the Corporation upon the exercise of any such right or option, shall be such (to the extent permitted by law) as shall be fixed and stated in the resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights or options, and, in every case, set forth or incorporated by reference in the instrument or instruments evidencing such rights or options.

SECTION 8. The Corporation may, from time to time, upon the vote of a majority of all the direc-



tor of the Corporation and of the holders of a majority in number of shares then issued and outstanding and entitled to vote increase or reduce the amount of the authorized number of shares of any class or classes of stock, or may create or authorize one or more other classes of stock, any or all of which classes may be stock with par value or stock without par value and with such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be determined by or in accordance with said vote, which may be the same or different from the voting powers, designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, of the classes of stock of the Corporation then authorized.

SECTION 9. The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Delaware.

SECTION 10. No holder of stock or of securities convertible into, or evidencing the right to purchase, stock of the Corporation, shall be entitled as of right to subscribe for, purchase or receive any part of any issue of stock or of securities convertible into, or evidencing the right to purchase, stock now or hereafter authorized, but all of such additional shares of stock or of securities convertible into, or evidencing the right to purchase, stock may be issued and disposed of by the Board of Directors to such persons, firms or corporations and at such price and for such consideration as the Board of Directors in their absolute discretion may deem advisable.

SECTION 11. The Board of Directors of the Corporation shall, not less than once annually, cause to be prepared and sent to all stockholder of the Corporation periodic reports of the condition of the Corporation including profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice.

SECTION 12. The minimum amount of capital with which the Corporation will commence business shall be \$1,000.

SECTION 13. The Corporation is to have perpetual existence.

SECTION 14. The private property of the stockholders of the Corporation shall not be subject to the payment of corporate debts to any extent whatever.

SECTION 15. All corporate powers shall be exercised by the Board of Directors, except as otherwise provided by Statute or by this Certificate of Incorporation.

IN FURTHERANCE AND NOT IN LIMITATION OF THE POWERS CONFERRED BY STATUTE, THE BOARD OF DIRECTORS IS EXPRESSLY AUTHORIZED:

(a) To fix, determine and vary from time to time the amount to be maintained as surplus and the amount or amounts to be set apart as working capital.

(b) To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purposes and to abolish any such reserve in the manner in which it was created.

(c) To make, amend, alter, change, add to or repeal by-laws for the Corporation, without any action on the part of the stockholders except to the extent that such action by stockholders may be required in a by-law. The by-laws made by the directors may be amended, altered, changed, added to or repealed by the stockholders.

(d) To authorize and cause to be executed mortgages and liens, without limit as to amount, upon the real and personal property of the Corporation.

(e) From time to time to determine whether and to what extent, at what time and place, and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of any stockholder; and no stockholder shall have any right to inspect any account or book or document of the Corporation except as conferred by statute or by-laws or as authorized by a resolution of the stockholders or Board of Directors.

(f) To authorize the payment of compensation to the directors for services to the Corporation, including fees for attendance at meetings of the Board of Directors, of the Executive Committee and of other committees, and to determine the amount of such compensation and fees.

SECTION 16. A director of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any director or any firm of which any director is a member or any corporation of which any director is a shareholder, officer or director is in any way interested in such transaction or contract, provided that, after such interest shall have been disclosed, such transaction or contract is or shall be authorized, ratified or approved (1) by a vote of a majority of a quorum of the Board of Directors or of the Executive Committee, without counting in such majority or quorum any director so interested or member of a firm so interested, or a shareholder, officer or director of a corporation so interested, and (2) by vote at a stockholders' meeting of the holders of record of a majority of all the outstanding shares of stock of the Corporation entitled to vote; nor shall any director be liable to account to the Corporation for any profits realized by or from or through any such transaction or contract of the Corporation authorized, ratified or approved as aforesaid by reason of the fact that he, or any firm of which he is a member or any corporation of which he is a shareholder, officer or director was interested in such transaction or contract. Nothing herein contained, however, shall create liability in the absence of the votes or consent specified in the foregoing sentence or prevent the authorization, ratification or approval of such transactions or contracts in any other manner provided by law.

SECTION 17. The Corporation reserves the right to amend and alter this Certificate of Incorporation or to amend, alter, change, add to or repeal any provisions contained herein in the manner now or hereafter prescribed by statute, and all rights conferred upon officers, directors or stockholders are granted subject to this reservation.

SECTION 18. The Corporation shall not consolidate with, or merge into, or sell all or substantially all of its assets to, any other corporation except

upon the affirmative consent (given by vote at a meeting) of the holders of record of at least two-thirds of the total of shares of stock of the Corporation then outstanding.

SECTION 19. (a) In addition to the requirements of the provisions of any series of preferred stock which may be outstanding, and whether or not a vote of the stockholders is otherwise required, the affirmative vote of the holders of not less than eighty percent (80%) of the Voting Stock shall be required for the approval or authorization of any Business Transaction with a Related Person, or any Business Transaction in which a Related Person has an interest (except proportionately as a stockholder of the Corporation); provided, however, that the eighty percent (80%) voting requirement shall not be applicable if (i) Continuing Directors at the time constitute at least a majority of the entire Board of Directors of the Corporation and have expressly approved the Business Transaction by at least a two-thirds vote of such Continuing Directors, or (ii) all of the following conditions are satisfied:

(A) the Business Transaction is a merger or consolidation or sale of substantially all of the assets of the Corporation, and the cash or fair market value of the property, securities or other consideration to be received per share by holders of Common Stock of the Corporation (other than such Related Person) in connection with such Business Transaction is at least equal in value to such Related Person's Highest Purchase Price;

(B) after such Related Person has become the Beneficial Owner of not less than ten percent (10%) of the Voting Stock and prior to the consummation of such Business Transaction, such Related Person shall not have become the Beneficial Owner of any additional shares of Voting Stock or securities convertible into Voting Stock, except (i) as a part of the transaction which resulted in such Related Person becoming the Beneficial Owner of not less than ten percent (10%) of the Voting Stock or (ii) as a result of a pro rata stock dividend or stock split; and

(C) prior to the consummation of such Business Transaction, such Related Person shall not have, directly or indirectly, (i) received the benefit (except proportionately as a stockholder of the Corporation) of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Corporation or any of its subsidiaries, or (ii) caused any material change in the Corporation's

business or equity capital structure, including, without limitation, the issuance of shares of capital stock of the Corporation.

(b) For the purpose of this Section 19:

(i) The term "Business Transaction" shall mean (A) any merger or consolidation involving the Corporation or a subsidiary of the Corporation, (B) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions), including, without limitation, a mortgage or any other security device, of all or any Substantial Part of the assets either of the Corporation or of a subsidiary of the Corporation, (C) any sale, lease, exchange, transfer or other disposition of all or any Substantial Part of the assets of an entity to the Corporation or a subsidiary of the Corporation, (D) the issuance, sale, exchange, transfer or other disposition by the Corporation or a subsidiary of the Corporation of any securities of the Corporation or any subsidiary of the Corporation, (E) any recapitalization or reclassification of the securities of the securities of the Corporation (including, without limitation, any reverse stock split) or other transaction that would have the effect of increasing the voting power of a Related Person, (F) any liquidation, spinoff, splitoff, splitup or dissolution of the Corporation, and (G) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Transaction.

(ii) The term "Related Person" shall mean and include (A) any individual, corporation, partnership, group, association or other person or entity which, together with its Affiliates and Associates, is the Beneficial Owner of not less than ten percent (10%) of the Voting Stock or was the Beneficial Owner of not less than ten percent (10%) of the Voting Stock (x) at the time the definitive agreement providing for the Business Transaction (including any amendment thereof) was entered into, (y) at the time a resolution approving the Business Transaction was adopted by the Board of Directors of the Corporation or (z) as of the record date for the determination of stockholders entitled to notice of and to vote on, or consent to, the Business Transaction, and (B) any Affiliate or Associate of any such individual, corporation, partnership, group, association or other person or entity; provided, however, and notwithstanding anything in the foregoing to the contrary, the term "Related Person" shall not include the Corporation, a wholly-owned subsidiary of the Corpora-

tion, any employee stock ownership or other employee benefit plan of the Corporation or any wholly-owned subsidiary of the Corporation, or any trustee of, or fiduciary with respect to, any such plan when acting in such capacity.

(iii) The term "Beneficial Owner" shall be defined by reference to Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on March 22, 1984; provided, however, that any individual, corporation, partnership, group, association or other person or entity which has the right to acquire any Voting Stock at any time in the future, whether such right is contingent or absolute, pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants, or options, or otherwise, shall be deemed the Beneficial Owner of such Voting Stock.

(iv) The term "Highest Purchase Price" shall mean the highest amount of consideration paid by such Related Person for a share of Common Stock of the Corporation (including any brokerage commissions, transfer taxes and soliciting dealers' fees) in the transaction which resulted in such Related Person becoming a Related Person or within one year prior to the date such Related Person became a Related Person; provided, however, that the Highest Purchase Price shall be appropriately adjusted to reflect the occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding shares of common stock of the Corporation, or the payment of a stock dividend thereon, between the last date upon which such Related Person paid the Highest Purchase Price to the effective date of the merger or consolidation or the date of distribution to stockholders of the Corporation of the proceeds from the sale of substantially all of the assets of the Corporation referred to in Section 19(a)(ii)(A) above.

(v) The term "Substantial Part" shall mean more than twenty percent (20%) of the fair market value of the total assets of the entity in question, as reflected on the most recent consolidated balance sheet of such entity existing at the time the stockholders of the Corporation would be required to approve or authorize the Business Transaction involving the assets constituting any such Substantial Part.

(vi) In the event of a merger in which the Corporation is the surviving corporation, for the purpose of Section 19(a)(ii)(A), the phrase "property, securities or other consideration to be received"

shall include, without limitation, common stock of the Corporation retained by its stockholders (other than such Related Person).

(vii) The term "Voting Stock" shall mean all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Section 19 as one class; provided, however, that if the Corporation has shares of Voting Stock entitled to more or less than one vote for any such share, each reference in this Section 19 to a proportion of shares of Voting Stock shall be deemed to refer to such proportion of the votes entitled to be cast by such shares.

(viii) The term "Continuing Director" shall mean a director who was a member of the Board of Directors on March 22, 1984, or who became a director of the Corporation after the time such Related Person became a Related Person and whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least three-quarters of the Continuing Directors then on the Board, either by a specific vote or by approval of the proxy statement issued by the Corporation on behalf of the Board of Directors in which such person is named as a nominee for director, without an objection to such nomination; provided, however, that in no event shall a director be considered a "Continuing Director" if such director is a Related Person and the Business Transaction to be voted upon is with such Related Person or is one in which such Related Person otherwise has an interest (except proportionately as a stockholder of the Corporation).

(ix) The term "Affiliate," used to indicate a relationship to a specified person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person.

(x) The term "Associate," used to indicate a relationship with a specified person, shall mean (A) any corporation, partnership or other organization of which such specified person is an officer or partner or is, directly or indirectly, the Beneficial Owner of ten percent (10%) or more of any class of equity securities, (B) any trust or other estate in which such specified person has a substantial beneficial interest or as to which such specified person serves as trustee or in a similar fiduciary capacity, (C) any relative or spouse of such specified person, or any relative of such spouse, who has the same home

as such specified person or who is a director or officer of the Corporation or any of its parents or subsidiaries, or (D) any person who is a director or officer of such specified person or any of its parents or subsidiaries (other than the Corporation or any wholly-owned subsidiary of the Corporation).

(c) For the purpose of this Section 19, if the Continuing Directors constitute at least a majority of the entire Board of Directors of the Corporation, then two-thirds of such Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (i) the number of shares of Voting Stock of which any person is the Beneficial Owner, (ii) whether a person is an Affiliate or Associate of another, (iii) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in the definition of Beneficial Owner herein, (iv) whether the assets subject to any Business Transaction constitute a Substantial Part, (v) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a stockholder of the Corporation), (vi) whether a Related Person has, directly or indirectly, received the benefits or caused any of the changes referred to in Section 19(a)(ii)(C) above, and (vii) such other matters with respect to which a determination is required under this Section 19.

(d) Nothing contained in this Section 19 shall be construed to relieve any Related Person of any fiduciary obligation imposed by law.

(e) Notwithstanding any other provisions of this Certificate of Incorporation or the By-laws of the Corporation (and notwithstanding that a lesser percentage may be specified by law, this Certificate of Incorporation or the By-laws of the Corporation), the provisions of this Section 19 may not be repealed or amended in any respect, nor may any provision be adopted inconsistent with this Section 19, unless such action is approved by the affirmative vote of the holders of not less than eighty percent (80%) of the Voting Stock.

SECTION 20. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as presently in effect or as the same may hereafter be amended.



No amendment, modification or repeal of this Section 20 shall adversely affect any right or protection that exists at the time of such amendment, modification or repeal.

SECTION 21. No action shall be taken by stockholders of the Corporation except at an annual or special meeting of stockholders of the Corporation.

This Restated Certificate of Incorporation has been duly adopted pursuant to Section 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Ogden Corporation has caused this Restated Certificate of Incorporation to be executed in its corporate name this 26<sup>th</sup> day of May, 1988.

OGDEN CORPORATION

By Raeple E. Allen  
[Name]  
[Title] CHAIRMAN OF THE BOARD

ATTEST:

By Kathleen Ritch  
[Name] Vice President and  
[Title] SECRETARY



# Notes

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# **OGDEN CORPORATION - U.S. SUBSIDIARIES LIST**

(See Attachment A for foreign subsidiaries list)

COMPANY	PERCENT OWNERSHIP	DOMESTIC STATE	CO. CODE/E.L.N.
Ogden Corporation		DE	13-5549268
.. Ogden Management Services, Inc.	100	DE	13-2918484
..... OFS Equity of Babylon, Inc.	100	NY	13-3543094
..... OFS Equity of Huntington, Inc.	100	NY	13-3543092
.. Ogden Services Corporation	100	DE	141*/13-3058273
..... Ogden Firehole Entertainment Corp.	100	DE	/13-3516164
..... Ogden Asia Pacific Services, Inc. (See Attachment A for subsidiaries)	100	DE	134/13-3793247
..... Ogden Central and South America, Inc. (See Attachment A for subsidiaries)	100	DE	135/13-3793248
..... Ogden International Europe Inc. (See Attachment A for subsidiaries)	100	DE	164/13-3688536
..... Ogden Entertainment, Inc.	100	DE	001/11-2145117
..... Doggie Diner, Inc.	100	DE	003/92-1228666
..... The Metropolitan Entertainment Co., Inc.	50	NJ	22-1968974
..... Offshore Food Service, Inc.	100	LA	027/72-0535141
..... Gulf Coast Catering Company, Inc.	100	LA	028/13-3537164
..... Ogden American Food Services, Inc.	100	OH	008/34-4197320
..... Ogden Attractions, Inc.	100	DE	/13-3934857
..... Ogden Aviation Food Services, Inc.	100	DE	080/11-2161743
..... Ogden Aviation Food Services (ALC), Inc.	100	NY	085/11-1619941
..... Ogden-Burtco Services, Inc.	100	WA	042/92-0022939
..... Alpine Food Products, Inc.	100	WA	041/91-0760148
..... Ogden Facility Management of Alaska, Inc.	100	AK	058/92-0097503
..... Ogden Entertainment of Florida, Inc.	100	DE	/13-3877904
..... Ogden Entertainment of New York, Inc.	100	NY	011/13-3428320
..... Ogden Facility Management Corporation	100	NY	098/13-3282969
..... Ogden Facility Management Corporation of Anaheim	100	CA	060/13-3526194
..... Ogden Facility Management Corporation of Huntington	100	WV	13-3852104
..... Ogden Facility Management Corporation of Iowa	100	IA	007/13-3444248
..... Ogden Facility Management Corporation of Pensacola	100	FL	006/13-3245048
..... Ogden Facility Management Corporation of West Virginia	100	WV	55-0459949
..... Ogden Film and Theatre, Inc.	100	DE	/13-3934858
..... Ogden Food Service Corporation	100	DE	023/23-0404985
..... Ogden Confection Corporation	100	DE	039/36-2392940
..... Ogden Food Service Corporation of Indiana	40	IN	048/13-2723781
..... Ogden Food Service Corporation of Kansas	100	KS	0032/13-3703705
..... Ogden Food Service Corporation of Milwaukee	100	WI	063/13-2783130
..... Ogden Food Service Corporation of Texas	100	TX	092/74-1310443
..... Ogden Food Service Corporation of Wisconsin	100	WI	056/39-0912345
..... Ogden Leisure, Inc.	100	DE	54-0848368
..... Ogden Fairmount, Inc.	100	DE	021/37-0912053
..... Ogden Technology Services Corporation	100	DE	54-1267901
..... Applied Data Technology, Inc.	100	CA	33-0297326
..... Ogden Range Services, Inc.	100	DE	169/13-3712961
..... Logistics Operations, Inc.	100	VA	164/54-1163284
..... Ogden Support Services, Inc.	100	DE	165*/13-3688521
..... Ogden Allied Maintenance Corporation	100	NY	010*/13-5565939
..... Atlantic Design Company, Inc.	100	NY	086*/13-2629642
..... Lenzar Electro-Optics, Inc.	100	DE	175/59-3063752
..... Ogden Allied Payroll Services, Inc.	100	NY	063*/13-6160158
..... Ogden Cisco, Inc.	100	DE	157*/13-3670141
..... Ogden Communications, Inc.	100	DE	130/13-3793364

COMPANY	PERCENT OWNERSHIP	DOMESTIC STATE	CO. CODE/E.I.N.
Ogden Corporation			
Ogden Services Corporation		DE	
Ogden Allied Maintenance Corporation (con't)	100	NY	010*/13-5565939
Ogden Aviation Services, Inc.	100	DE	015/13-3846270
Ogden Aviation Distributing Corp.	100	NY	046*/13-1835320
Ogden Aviation Fueling Company, Inc.	100	DE	012*/13-5564521
Ogden Aviation Fueling Company of Atlanta, Inc.	100	GA	129*/13-3054674
Ogden Aviation Fueling Company of Houston, Inc.	100	TX	068*/13-2557861
Ogden Aviation Fueling Company of St. Louis, Inc.	100	DE	025*/13-5665586
Ogden Aviation Fueling Company of Texas, Inc.	100	TX	024*/13-5661328
Ogden Aviation Fueling Company of Virginia, Inc.	100	DE	038*/13-1954027
Ogden Aviation Security Services, Inc.	100	DE	013/13-3876173
Ogden Aviation Service Company of Colorado, Inc.	100	CO	104*/13-2694899
Ogden Aviation Service Company of Hawaii, Inc.	100	HI	107*/13-2706452
Ogden Aviation Service Company of Kansas City, Inc.	100	MO	118*/13-2942892
Ogden Aviation Service Company of New Jersey, Inc.	100	NJ	003*/13-5565924
Ogden Aviation Service Company of New York, Inc.	100	NY	007*/13-5565925
Ogden Ground Services, Inc.	100	DE	146*/23-1707864
ARA Sunset Airport Systems, Inc.	100	CA	152*/95-2959114
Ogden Aviation Service Company of Pennsylvania, Inc.	100	PA	018*/13-2749962
Ogden Aviation Service Company of Texas, Inc.	100	DE	019*/13-5649342
Ogden Aviation Service Company of Washington, Inc.	100	DE	011*/13-5581082
Ogden Aviation Service International Corporation	100	NY	006*/13-5565926
Ogden Aviation, Inc.	100	DE	177/13-3634105
Ogden Aviation Security Services of Indiana, Inc.	100	IN	163*/13-3606125
Ogden Aviation Terminal Services, Inc.	100	MA	005*/13-5565923
Ogden New York Ground Services, Inc.	100	DE	13-3889795
Ogden New York Services, Inc.	100	NY	020/13-5623889
Ogden Pipeline Services Corporation	100	DE	125*/13-2949046
Ogden Facility Holdings, Inc.	100	DE	13-3852102
Ogden Facility Services, Inc.	100	DE	13-3773192
Ogden Allied Building & Airport Services Inc.	100	DE	017*/13-5618372
Ogden Allied Building Service Corporation	100	DE	121*/13-2928817
Ogden Allied Maintenance Company of Hawaii, Inc.	100	HI	090*/99-0119711
Ogden Allied Maintenance Corporation of New England	100	MA	009/04-2453238
Ogden Allied Maintenance Corporation of Pennsylvania, Inc.	100	DE	014*/13-5611594
Ogden Allied Maintenance Corporation of Texas	100	TX	042*/13-1987767
Ogden Allied Service Agency Corporation	100	DE	016*/13-5616071
Ogden Allied Window Cleaning Company, Inc.	100	NY	008*/13-5565941
Ogden Hawaii Company, Inc.	100	HI	062*/99-0086682
Ogden Industrial Services, Inc.	100	DE	143*/13-3330336
Ogden Plant Maintenance Company, Inc.	100	NJ	088*/13-2640359
Ogden Plant Maintenance Company of Missouri	100	MO	069*/13-2556007
Ogden Plant Maintenance Company of North Carolina	100	NC	113*/13-2761092
Ogden Resource Recovery Support Services, Inc.	100	DE	149*/13-3560729
Ogden Plant Services of New Jersey, Inc.	100	NJ	176/13-3597547
Ogden Water Treatment Support Services, Inc.	100	DE	199*/13-3807441
Ogden Allied Abatement & Decontamination Service, Inc.	100	NY	144*/13-3429112
Ogden Energy Group, Inc. (formerly known as Ogden Projects, Inc.)	100	DE	13-3213657
(See Attachment B for Ogden Energy Group, Inc. - U.S. and foreign subsidiaries list)			
Ogden Financial Services, Inc.	100	DE	13-3057250
B D C Liquidating Corp.	100	DE	13-2757633
Bouldin Development Corp.	100	CA	94-1695641

COMPANY	PERCENT OWNERSHIP	DOMESTIC STATE	CO. CODE/E.I.N.
Ogden Corporation			
. Ogden Services Corporation		DE	
.. Ogden Financial Services, Inc. (Con't)	100	DE	13-3057250
..... Greenway Insurance Company of Vermont	100	VT	13-3167991
..... International Terminal Operating Co., Inc.	50	DE	13-5628741
..... OFS Equity of Delaware, Inc.	100	DE	13-3495890
..... OFS Equity of Alexandria/Arlington, Inc.	100	VA	13-3495889
..... OFS Equity of Indianapolis, Inc.	100	IN	13-3495887
..... OFS Equity of Stanislaus, Inc.	100	CA	13-3495880
..... Ogden Allied Maintenance Securities, Inc.	100	DE	004*/51-0102045
..... Denver Fuel Facilities Corporation	100	CO	105*/13-2694896
..... Kansas City International Fueling Facilities Corporation	100	MO	080*/13-2604290
..... LaGuardia Fuel Facilities Corporation	100	NY	100*/13-2660143
..... Lambert Field Fueling Facilities Corporation	100	DE	057*/13-6116279
..... Love Field Fueling Facilities Corporation	100	TX	058*/13-6116341
..... Newark Automotive Fuel Facilities Corporation	100	NJ	114*/13-2806865
..... Philadelphia Fuel Facilities Corporation	100	PA	097*/13-2671427

. \* For payroll/personnel, add 200 to codes of Maintenance companies only.

**ATTACHMENT A**  
**OGDEN CORPORATION - FOREIGN SUBSIDIARIES LIST**

COMPANY	PERCENT OWNERSHIP	DOMESTIC COUNTRY	CO. CODE
Ogden Corporation		DE/U.S.A.	
.. Ogden Services Corporation	100	DE/U.S.A.	141
..... Ogden Aviation Services Limited	100	U.K.	186
..... Ogden Aviation Engineering Limited	100	U.K.	188
..... Ogden Entertainment Services (UK) Ltd.	100	U.K.	015
..... Ogden Ice Hockey Limited	100	U.K.	
..... Ogden Cargo Limited	100	U.K.	
..... SkyCare Limited	100	U.K.	
..... Air Cargo Enterprises Limited	50	U.K.	
..... Ogden Asia Pacific Services, Inc.	100	DE/U.S.A.	
..... IEA of Japan Company Ltd.	50	Japan	
..... HO/Ogden Investimentos e Transportes, Limitada	51	Macau	
..... MASC/Ogden Aviation Services (Macau) Limited	29	Macau	
..... Ogden Aviation (Hong Kong) Limited	100	Hong Kong	
..... Ogden Aviation Services (NZ) Limited	100	New Zealand	156
..... Ogden International Facilities Corporation (Asia Pacific) Pty Ltd.	100	Australia	172
..... Ogden International Facilities Corporation (Australia) Pty Ltd.	50	Australia	
..... International Facilities Corporation (Cairns) Pty Ltd.	100	Australia	
..... International Facilities Corporation (NZ) Pty Ltd.	100	New Zealand	156
..... International Facility Corporation (Newcastle) Ltd.	100		
..... International Facility Corporation (Hong Kong) Pty Ltd.	*	Hong Kong	
* Boscastle Ltd and Coverack Ltd are shareholders due to residency requirements.			
..... Ogden Central and South America, Inc.	100	DE/U.S.A.	
..... Americana Entertainment N.V.	80	Aruba	
..... Ogden Argentina, S.A.	100	Argentina	
..... Ogden Aviation Services (Chile) Ltda.	99	Chile	158
..... (1% held by Ogden Asia Pacific Services Inc.)			
..... Aviation Services Leader S.A.	80	Chile	185
..... Ogden Aviation Services Dominicana, S.A.	99	Dominican Rep.	
..... Ogden Aviation Services (Panama) Corp.	85	Panama	171
..... Ogden Aviation Services (Venezuela), S.A.	100	Venezuela	168
..... Ogden Ground Services Caracas, C.A.	100	Venezuela	182
..... Ogden do Brazil Participações S/C Ltda.	100	Brazil	174
..... Ogden - Serviços de Atendimento Aeroterrestre Ltda. ("SERVAIR")	100	Brazil	
..... Ogden Alimentos Comércio e Serviços Ltda.	100	Brazil	
..... Ogden Ground Services, Inc. (St. Thomas)	100	Virgin Islands	155
..... Ogden, S. de R.L. de C.V.	66.67	Mexico	
..... Ogden Servair Servicios Aeroportuarios, S.A.	50	Mexico	184
..... Servicios Especializados Para La Industria del Transporte, S.A. de C.V. ("SEITSA")	94.9	Mexico	150
..... Ogden SEITSA Leasing, S.A. de C.V.	94.9	Mexico	183
..... Ogden Saint Maarten Ground Services N.V.	100	Netherlands Antilles	
..... Ogden & Talma Aviation Services of Peru S.A.	54	Peru	178

COMPANY	PERCENT OWNERSHIP	DOMESTIC COUNTRY	CO. CODE
Ogden Corporation		DE/U.S.A.	
Ogden Services Corporation (cont'd)	100	DE/U.S.A.	141
Ogden International Europe Inc.	100	DE/U.S.A.	164
Ogden Atlantic Design (Europe) Limited	100	Ireland	
Ogden Holdings B.V.	100	Netherlands	166
Compañía General de Sondeos CGS, S.A.	100	Spain	191
Czech-Ogden Airhandling s.r.o.	50	Czech.	162
Ogden Aviation (Schiphol) B.V.	100	Netherlands	161
Ogden Cargo B.V.	100	Netherlands	
Ogden Aviation Spain S.A.	100	Spain	159
Ogden Entertainment Services Portugal, S.A.	100	Portugal	160
Ogden Entertainment Services Spain, SA	100	Spain	
Estadio Olimpico de Sevilla, S.A.	15.9	Spain	
Ogden Power Agua y Energia Torre Pacheco, S.A.	83.3	Spain	
Ogden Romanian Aviation Services, S.A.	50	Romania	
Parque Isla Magica, S.A.	26.12	Spain	
Sezai Turkes Feyzi Akkaya Ogden Hizmet Ve Isletmecilik A.S.			
("STFA Ogden Maintenance and Service Co.")	50	Turkey	
Ogden Holdings (Deutschland) GmbH	100	Germany	192
Ogden Allied Services GmbH	100	Germany	138
Ogden Aviation Services GmbH & Co. KG	100	Germany	193
Ogden Entertainment (Oberhausen) GmbH	100	Germany	194
Ogden Tegel Verwaltungs GmbH (formerly DAN AIR Services GmbH)	100	Germany	195
Tegel Aircraft Handling GmbH	100	Germany	196
Verwaltung Ogden Aviation Services GmbH	100	Germany	197
Ogden Entertainment, Inc.	100	DE/U.S.A.	
Ogden Entertainment of Cape Town (Proprietary) Limited	78	South Africa	
Ogden Entertainment Services (Canada) Inc. -			
Services de Divertissements Ogden (Canada) Inc.	100	Canada	012
Fortier Associates International, Inc.	100	Canada	
Ogden Gaming of Ontario, Inc.	100	Canada	
The Ogden Northmount Evergreen Group Limited	100	Canada	
Ogden Palladium Services (Canada) Inc.	100	Canada	
Ogden Entertainment Services de Mexico, S.A. de C.V.	100	Mexico	
Servicios de Alimentos Bebidas Especializados, S.A. de CV	100	Mexico	
Ogden Allied Maintenance Corporation	100	NY/U.S.A.	
Allied Aviation Service Company of Newfoundland, Ltd.	100	Canada	022
Atlantic Design Company, Inc.	100	NY/U.S.A.	
Datacom de Mexico, S.A. de C.V.	100	Mexico	
Ogden Aviation Services, Inc.	100	DE/U.S.A.	
Ogden Aviation Service Company of New York, Inc.	100	NY/U.S.A.	007
Ogden Ground Services, Inc.	100	DE/U.S.A.	146
Ogden/Air Aruba Ground Services N.V.	49	Aruba	
Ogden Facility Holdings, Inc.	100	DE/U.S.A.	
Ogden Facility Services, Inc.	100	DE/U.S.A.	
Ogden Servicios de Seguridad, S.A.	100	Costa Rica	
Ogden Agencia de Seguridad, S.A.	100	Panama	
Ogden Services of Canada Inc.	100	Canada	054
Cafas Inc.	100	Canada	028
Airconsol Aviation Services Ltd.-			
Les Services D'Aviation Airconsol Limitee	100	Canada	115
Ogden Ground Services (Canada) Ltd.	100	Canada	
Aircraft Services Limited	100	Canada	189
Consolidated Aviation Fueling of Toronto Limited	100	Ontario	052
Consolidated Aviation Services of Alberta Limited	100	Canada	119
Ogden Allied Security Services Inc.-Services de Securite Ogden Allied Inc.	100	Canada	190
Ogden Allied Services Inc. - Services Ogden Allied Inc.	100	Canada	029

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**ATTACHMENT B**  
**OGDEN ENERGY GROUP, INC. - U.S. AND FOREIGN SUBSIDIARIES LIST**

COMPANY	PERCENT OWNERSHIP	INCORP.	E.I.N.
Ogden Energy Group, Inc. ....	100	Delaware	13-3939460
Ogden Projects, Inc. ....	100	Delaware	13-3213657
Ogden Energy, Inc. ....	100	Delaware	22-3405522
<b>Ogden Philippines Operating, Inc. ....</b>	<b>100</b>	<b>Cayman Islands</b>	<b>NA</b>
Ogden Power Corporation ....	100	Delaware	54-1732981
Geothermal, Inc. ....	100	Virginia	54-1504703
Imperial Power Services, Inc. ....	100	California	95-3677245
New Martinsville Hydro-Operations Corporation ....	100	West Virginia	31-1275468
Ogden Brandywine Operations, Inc. ....	100	Delaware	54-1740297
Ogden Geothermal Operations, Inc. ....	100	Delaware	54-1607228
Ogden Hydro Operations, Inc. ....	100	Tennessee	52-1661862
Ogden Oil & Gas, Inc. ....	100	Delaware	54-1734589
Ogden Power Equity Corporation ....	100	Delaware	54-1504746
Catalyst New Martinsville Hydroelectric Corporation ....	100	Delaware	13-3372123
ERC Energy, Inc. ....	100	Delaware	54-1523295
Ogden Heber Field Energy, Inc. ....	100	Delaware	54-1611569
Ogden Hydro Energy, Inc. ....	100	Delaware	54-1606911
Ogden Power International Holdings, Inc. ....	100	Delaware	54-1742808
<b>Edison Bataan Cogeneration Corporation ....</b>	<b>100</b>	<b>Philippine</b>	<b>NA</b>
<b>Hidro Operaciones Don Pedro S.A. ....</b>	<b>100</b>	<b>Costa Rica</b>	<b>NA</b>
<b>Island Power Corporation ....</b>	<b>40****</b>	<b>Philippine</b>	<b>NA</b>
<b>Ogden Energy India Investments Ltd. ....</b>	<b>100</b>	<b>Mauritius</b>	<b>NA</b>
OPI Quezon, Inc. ....	100	Delaware	13-3670144
<b>Ogden Power Development - Cayman, Inc. ....</b>	<b>100</b>	<b>Cayman Islands</b>	<b>NA</b>
(f/k/a Ogden Quezon Power, Inc.- old dvlpmnt. co.)			
<b>Quezon Power, Inc. (new dvlpmnt co.) ....</b>	<b>39.01**</b>	<b>Cayman Islands</b>	<b>NA</b>
Ogden Power Development, Inc. ....	100	Delaware	13-3662254
Ogden Power Development of Bolivia, Inc. ....	100	Delaware	13-3852464
<b>OPDB, Ltd. ....</b>	<b>100</b>	<b>Cayman Islands</b>	<b>NA</b>
Ogden Rosemary Operations, Inc. ....	100	Delaware	22-3433655
Ogden SIGC Energy, Inc. ....	100	Delaware	54-1742810
AMOR 14 Corporation ....	100	Delaware	88-0243401
Ogden SIGC Energy II, Inc. ....	100	California	54-1742553
Ogden SIGC Geothermal Operations, Inc. ....	100	California	54-1645557
Ogden Energy Resource Corp. ....	100	Delaware	63-0837475
Ogden Environmental and Energy Services Co., Inc. ....	100	Delaware	52-1594168
Analytical Technologies, Inc. ....	100	Delaware	95-3705905
G A Technical Services, Inc. ....	100	Tennessee	62-1238177
Multiple Dynamics Corporation ....	100	Michigan	38-2278155
Ogden Environmental and Energy Services Co., Inc. of Ohio ....	100	Ohio	31-1357919
Ogden Environmental and Engineering Services Co., Inc. ....	100	North Carolina	56-0840101
Ogden Environmental Federal Services Co., Inc. ....	100	Delaware	54-1694984
(f/k/a Ogden Environmental Services Alaska Co., Inc.)			
Ogden Remediation Services Co., Inc. ....	100	Florida	59-2661991
<b>Ogden umwelt und energie systeme GmbH ....</b>	<b>100</b>	<b>Germany</b>	<b>NA</b>
<b>IEAL energie &amp; umwelt consult, GmbH ....</b>	<b>100</b>	<b>Germany</b>	<b>NA</b>
<b>Olmec Insurance, Ltd. ....</b>	<b>100</b>	<b>Bermuda</b>	<b>NA</b>
Ogden Waste to Energy, Inc. ....	100	Delaware	13-3871973
Ogden Martin Systems, Inc. ....	100	Delaware	13-3162629
Ogden Engineering Services, Inc. ....	100	New Jersey	13-3284896
Ogden Marion Land Corp. ....	100	Oregon	13-3369730
<b>Ogden Waste to Energy, Ltd. (formerly Ogden Martin Systems, Ltd) ....</b>	<b>100</b>	<b>Ontario</b>	<b>NA</b>
<b>Ogden Martin Systems of Nova Scotia, Ltd. ....</b>	<b>100</b>	<b>Nova Scotia</b>	<b>NA</b>
Ogden Martin Systems of Alexandria/Arlington, Inc. ....	100	Virginia	58-1594213
OMS Equity of Alexandria/Arlington, Inc. ....	100	Virginia	13-3389573
Ogden Martin Systems of Babylon, Inc. ....	100	New York	13-3246689
Ogden Martin Systems of Bristol, Inc. ....	100	Connecticut	13-3246723
Ogden Martin Systems of Clark, Inc. ....	100	Ohio	11-3140377
OMSC One, Inc. ....	100	Delaware	13-3690804
OMSC Two, Inc. ....	100	Delaware	13-3690801
OMSC Three, Inc. ....	100	Delaware	13-3690806

COMPANY	PERCENT OWNERSHIP	INCORP.	E.I.N.
Ogden Energy Group, Inc. (cont.)			
Ogden Projects, Inc. (cont.)			
..... OMSC Four, Inc. ....	100	Delaware	13-3690807
..... Ogden Martin Systems of Fairfax, Inc. ....	100	Virginia	13-3410434
..... Ogden Martin Systems of Haverhill, Inc. ....	100	Massachusetts	13-3375647
..... Haverhill Power, Inc. ....	100	Massachusetts	04-2908628
..... LMI, Inc. ....	100	Massachusetts	04-2943947
..... Ogden Omega Lease, Inc. ....	100	Delaware	13-3028120
..... Ogden Haverhill Properties, Inc. ....	100	Massachusetts	13-3382130
..... Ogden Martin Systems of Hillsborough, Inc. ....	100	Florida	13-3228206
..... Ogden Martin Systems of Huntington, Inc. ....	100	New York	13-3394817
..... Ogden Martin Systems of Huntington Resource Recovery One Corp. ....	100	Delaware	06-1260495
..... Ogden Martin Systems of Huntington Resource Recovery Two Corp. ....	100	Delaware	06-1260497
..... Ogden Martin Systems of Huntington Resource Recovery Three Corp. ....	100	Delaware	06-1260498
..... Ogden Martin Systems of Huntington Resource Recovery Four Corp. ....	100	Delaware	06-1260489
..... Ogden Martin Systems of Huntington Resource Recovery Five Corp. ....	100	Delaware	06-1260492
..... Ogden Martin Systems of Huntington Resource Recovery Six Corp. ....	100	Delaware	13-3629151
..... Ogden Martin Systems of Huntington Resource Recovery Seven Corp. ....	100	Delaware	13-3631168
..... Ogden Martin Systems of Huntsville, Inc. ....	100	Alabama	13-3456026
..... Ogden Martin Systems of Indianapolis, Inc. ....	100	Indiana	35-1621833
..... Ogden Martin Systems of Kent, Inc. ....	100	Michigan	13-3369158
..... NRG/Recovery Group, Inc. (f/k/a Ogden Martin Systems of Lake, Inc.) ....	100	Florida	13-3482491
..... Ogden Martin Systems of Lancaster, Inc. ....	100	Pennsylvania	13-3408215
..... Ogden Martin Systems of Lawrence, Inc. ....	100	Massachusetts	13-3714674
..... Ogden Martin Systems of Lee, Inc. ....	100	Florida	13-3557826
..... Ogden Martin Systems of Long Island, Inc. ....	100	Delaware	11-3081090
..... Ogden Martin Systems of Marion, Inc. ....	100	Oregon	91-1246805
..... Ogden Martin Systems of Mercer, Inc. ....	100	New Jersey	13-3431734
..... Ogden Martin Systems of Montgomery, Inc. ....	100	Maryland	13-3547268
..... Ogden Martin Systems of Onondaga, Inc. ....	100	New York	13-3528458
..... Ogden Martin Systems of Onondaga Two Corp. ....	100	Delaware	13-3690841
..... Ogden Martin Systems of Onondaga Three Corp. ....	100	Delaware	13-3690843
..... Ogden Martin Systems of Onondaga Four Corp. ....	100	Delaware	13-3690838
..... Ogden Martin Systems of Onondaga Five Corp. ....	100	Delaware	13-3684127
..... OMS Onondaga Operations, Inc. ....	100	Delaware	13-3714674
..... Ogden Martin Systems of Pasco, Inc. ....	100	Florida	13-3447536
..... Ogden Martin Systems of San Bernardino, Inc. ....	100	California	13-3397879
..... Ogden Martin Systems of Stanislaus, Inc. ....	100	California	13-3315310
..... OMS Equity of Stanislaus, Inc. ....	100	California	13-3436232
..... Ogden Martin Systems of Tulsa, Inc. ....	100	Oklahoma	13-3203172
..... Ogden Martin Systems of Union, Inc. ....	100	New Jersey	13-3323867
..... <b>OPI Carmona Limited</b> ....	<b>100</b>	<b>Cayman Islands</b>	<b>NA</b>
..... <b>OPI Carmona One Limited</b> ....	<b>100</b>	<b>Cayman Islands</b>	<b>NA</b>
.. Ogden Energy Engineering, Inc. (f/k/a Ogden Projects Americas, Inc.) ....	100	Delaware	13-3795624
.. <b>Ogden Energy Asia Pacific Limited (f/k/a Ogden Projects Asia Pacific Limited)</b> ....	<b>100*</b>	<b>Hong Kong</b>	<b>NA</b>
.. Ogden Projects Holdings, Inc. ....	100	Delaware	13-3640508
..... <b>Ogden Projects (U.K.) Limited</b> ....	<b>100</b>	<b>U.K.</b>	<b>NA</b>
..... <b>Ogden Projects (Birmingham) Limited</b> ....	<b>100</b>	<b>U.K.</b>	<b>NA</b>
.. Ogden Projects of Haverhill, Inc. ....	100	Massachusetts	13-3522006
.. Ogden Wallingford Associates, Inc. ....	100	Connecticut	13-3494166
.. Ogden Waste Treatment Services, Inc. ....	100	Delaware	13-3362679
..... Ogden Environmental Services of Houston, Inc. ....	100	Texas	13-3586015
..... Stockton Soil Treatment Facility, Inc. ....	100	California	13-3610053
.. Ogden Waste Treatment Services USA, Inc. ....	100	Delaware	13-3940678
.. Ogden Water Holdings, Inc. ....	100	Delaware	13-3779130
..... Ogden Water Systems, Inc. ....	100	Delaware	13-3756577
..... Ogden Yorkshire Acquisition, Inc. ....	100	Delaware	13-3806665
..... Cunningham Environmental Support, Inc. ....	100	New York	16-1386872
..... Ogden Yorkshire Water of Bessemer, Inc. ....	100	Delaware	22-3405521
..... <b>Ogden Yorkshire Water of Canada, Ltd.</b> ....	<b>100</b>	<b>Ontario</b>	<b>NA</b>
..... Ogden Yorkshire Water of Taunton, Inc. ....	100	Massachusetts	22-3481731

COMPANY	PERCENT OWNERSHIP	INCORP.	E.I.N.
Ogden Energy Group, Inc. (cont.)			
Ogden Projects, Inc. (cont.)			
.. <b>Ogden Water Systems of Canada, Ltd. (f/k/a Ogden Projects of Hamilton, Ltd.)</b>	<b>100</b>	<b>Ontario</b>	<b>NA</b>
.. OPW Associates, Inc.	100	Connecticut	13-3487064
.. OPWH, Inc.	100	Delaware	13-3592054
.. <b>Projets Ogden Québec Inc.</b>	<b>100</b>	<b>Québec</b>	<b>NA</b>
.. RRS Holdings Inc.	100	Delaware	13-3697005
.. Michigan Waste Energy, Inc.	100	Delaware	06-1331600
.. Oahu Waste Energy Recovery, Inc.	100	California	95-2638052
.. Ogden Projects of Hawaii, Inc.	100	Hawaii	99-0230284
.. Resource Recovery Systems of Connecticut, Inc.	100	Connecticut	13-3696927
.. Yorkshire USA, Inc.	100***	Delaware	51-0354748

\* Ogden Energy Asia Pacific Limited's stock is owned 50% by Ogden Projects, Inc. and 50% by Ogden Power Development, Inc.

\*\*Quezon Power, Inc (new development company) is owned 39.01% by Ogden Power Development - Cayman, Inc., 1.30% by PMR Power, Inc. and 59.69% by Quezon Generating Company, Ltd.

\*\*\*Yorkshire USA, Inc. was acquired by Ogden Projects, Inc. when Yorkshire Water terminated its involvement as a direct participant in the Venture.

\*\*\*\*40% of the stock of Island Power Corporation is owned by Ogden Power International Holdings, Inc. and 60% is owned by various stockholders.



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# Notes

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

☒ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 1996

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-3122

OGDEN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

Two Pennsylvania Plaza, New York, N.Y.

(Address of principal executive offices)

13-5549268

(I.R.S. Employer Identification No.)

10121

(Zip Code)

Registrant's telephone number including area code - (212) 868-6100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on  
which registered

Common Stock, par value  
\$.50 per share

New York Stock Exchange

\$1.875 Cumulative Convertible  
Preferred Stock (Series A)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☒

The aggregate market value of registrant's voting stock, held by non-affiliates based on the New York Stock Exchange closing price as reported in the consolidated transaction reporting system as of the close of business on March 3, 1997 was as follows:

Common Stock, par value \$.50 per share \$988,350,223

\$1.875 Cumulative Convertible  
Preferred Stock (Series A) \$ 9,245,005

The number of shares of the registrant's Common Stock outstanding as of March 3, 1997 was 49,810,846 shares.

The following documents are hereby incorporated by reference into this Form 10-K:

- (1) Portions of the Registrant's Annual Report to Shareholders for the year ended December 31, 1996 (Parts II and IV).
- (2) Portions of the Registrant's 1997 Proxy Statement to be filed with the Securities and Exchange Commission (Part III).

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## PART I

### Item 1. BUSINESS

Ogden Corporation, a Delaware corporation (hereinafter together with its consolidated subsidiaries referred to as "Ogden" or the "Company"), is a global company engaged in providing a wide range of services through its operating groups within each of its two business segments, Services and Energy (formerly Projects). The Services segment is composed of Ogden's Entertainment group and Aviation group and the Energy segment consists of Ogden's Independent Power group, Waste-to-Energy group, Water and Wastewater group and Environmental Consulting and Engineering group. A description of the operations of each of the foregoing groups is set forth herein.

Set forth in the following table is the amount of revenue attributable to each of the operating groups within Ogden's Services and Energy business segments for each of the last three fiscal years (in thousands of dollars):

	YEARS ENDED DECEMBER 31,		
	1994	1995	1996
SERVICES:			
AVIATION	\$413,337	\$480,620	\$443,321
ENTERTAINMENT	245,187	301,315	391,933
TECHNOLOGY	212,098	251,243	187,435
FACILITY MANAGEMENT	357,272	374,804	263,752
OTHER	10,811	7,257	7,196
NET GAIN ON DISPOSITION OF BUSINESSES			13,613
TOTAL SERVICES	\$1,238,705	\$1,415,239	\$1,306,800
ENERGY:			
WASTE-TO-ENERGY	\$459,478	\$494,921	\$536,221
INDEPENDENT POWER	26,368	57,443	61,341
ENVIRONMENTAL	140,745	145,748	121,575
WATER AND WASTEWATER		1,742	1,742
CONSTRUCTION ACTIVITIES	213,125	69,900	3,402
GAIN ON SALE OF LIMITED PARTNERSHIP INTERESTS	26,126		
TOTAL ENERGY	\$865,842	\$769,754	\$724,281
TOTAL SERVICES AND ENERGY	\$2,104,547	\$2,184,993	\$2,031,081

The amounts of revenue, operating profit or loss and identifiable assets attributable to each of Ogden's two business segments for each of the last three fiscal years is set forth on pages 38 and 39 of Ogden's 1996 Annual Report to Shareholders, certain specified portions of which are incorporated herein by reference.

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## **SERVICES**

The operations of Ogden's Services segment are performed primarily through its Entertainment and Aviation groups. The operations and services provided by the Entertainment group and Aviation group are performed through joint ventures, partnerships and wholly-owned subsidiaries within each of the groups. Each group provides a wide range of services to private and public facilities throughout the United States and many foreign countries. In foreign countries the development, construction, ownership and the providing of services may expose Ogden to potential risks that typically are not involved in such activities in the United States. The Entertainment and Aviation groups seek to manage and mitigate these risks through political and financial analysis of the foreign country; the analysis of key participants in each operation; insurance; participation by international finance institutions; and joint ventures with other companies. Payment for services is often made in whole or part in the domestic currencies of the foreign country and the conversion of such currencies into U.S. dollars may not be assured by a governmental or other creditworthy foreign country agency. In addition, fluctuations in value of such currencies against the U.S. dollar may cause the operation to yield less return than expected. Also, the transfer of earnings and profits in any form beyond the borders of the foreign country may be subject to special taxes or limitations imposed by the laws of the foreign country.

Some customers of these two groups are billed on cost-plus or fixed-price basis. Where services are performed on a cost-plus basis, the customer reimburses the appropriate group for all acceptable reimbursable expenditures made in connection with the job and also pays a fee, which may be a percentage of the reimbursable expenditures, a specific dollar amount, or a combination of the two.

Many contracts in the Aviation group may be written on a month-to-month basis or provide for a longer or indefinite term but are terminable by either party on notice varying from 30 to 180 days.

## **ENTERTAINMENT**

The Entertainment group consists principally of interests in themed attractions; live theater; concerts; gaming; large format theaters and films; performing artist management; recorded music and video development; as well as food, beverage and novelty concession operations; and facility management at arena, stadiums, amphitheaters, civic/convention centers and other recreational facilities. These services are provided to a wide variety of public and private facilities including stadiums, convention and exposition centers, arenas, parks, amphitheaters, and fairgrounds located in the United States, Mexico, Canada, Argentina, Germany, Australia, Spain and the United Kingdom. Entertainment also operates a racetrack and five off-track betting parlors in Illinois.

The facility management and concession arrangements under which this group operates are individually negotiated and vary widely as to terms and duration. Concession

contracts and leases usually provide for payment by Entertainment of commissions or rentals based on a stipulated percentage of gross sales or net profits, sometimes with a minimum rental or payment. Most of the facility management contracts are on a cost-plus-a-fee basis but a number of such contracts provide for a sharing of profits and losses between Entertainment and the facility owner.

Entertainment offers its customers a wide range of project-development options, including the operational design review, consultation during construction, and assistance with financing arrangements, as well as operations of facilities, usually in return for long-term services and concession contracts. In some cases Ogden Corporation guarantees Entertainment's performance of these contracts as well as the financing arrangements.

### **Location Based Entertainment**

Entertainment is involved in the development and operation of nature-themed attractions and merchandising throughout the United States. Grizzly Park, a nature-based entertainment center located at the entrance to Yellowstone National Park is owned and operated by Entertainment. Within Grizzly Park are, among other attractions, the Grizzly Discovery Center, a natural habitat with grizzly bears and gray wolves, and a variety of stores and restaurants.

The American Wilderness Experience™ is a newly developed nature-themed attraction concept which has targeted five sites for development, all at megamalls developed by The Mills Corporation in the United States. The first is scheduled to open at the Ontario Mills mall in California during mid 1997. The other sites slated for development with The Mills Corporation include Arizona Mills (Phoenix, Arizona), Grapevine Mills (Dallas, Texas), Gurnee Mills (Chicago, Illinois) and Sawgrass Mills (Fort Lauderdale, Florida). These nature-themed attractions will be developed and operated by Entertainment and will feature live animals, foliage, scents and climates indigenous to each environment, motion-simulation rides, themed retailing and restaurants.

Through a long-term leasehold interest, Entertainment operates Silver Springs and Wild Waters, two nature-based attractions located near Ocala, Florida. Silver Springs, located on a 250-acre park, is open 365 days a year and features attractions consisting of jungle cruise boat rides, jeep safari rides, animal shows, gift shops and eateries. Wild Waters, located on a six acre park, features a variety of slides, a wave pool, miniature golf, food services and other attractions and is open March through Labor Day.

In 1995, the Port Authority of New York and New Jersey awarded Entertainment an eleven and one-half year lease to renovate and operate the 107th Floor Observation Deck at the World Trade Center in New York City. The Observation Deck, after undergoing a \$6 million renovation, was opened to the public in March 1997. The renovations include wide-screen, high-definition television theaters that will take visitors on an aerial sightseeing tour of New York City

and environs; interactive, multi-lingual kiosks at various viewing points; a nightly rooftop light show; and exhibits showcasing the region's pre-eminence in international trade, finance and the arts. The lease agreement provides that Entertainment will pay the Port Authority an annual fee plus a percentage of gross revenues above a certain level.

Entertainment through a joint venture operates La Rural de Palermo, a 28-acre fair and exhibition center located in Buenos Aires, Argentina. The joint venture will continue the existing fair and exhibition business on the property while developing a master plan for the development of the property to include an entertainment attraction. Entertainment owns a 50% interest in the joint venture and serves as the managing partner. As such, Entertainment directs day-to-day operations and is responsible for creating and implementing the development plan for this property.

Entertainment also owns an equity interest in Parques Tecnocultiroles, S.A. ("Partecsa"), a Spanish Corporation based in Seville, Spain. Partecsa was awarded a 30-year contract to convert, remodel, manage and operate a 200-acre theme park located in Seville, Spain where the 1992 Exposition Fair was held. The park is scheduled to open in 1997.

#### **Food, Beverage and Novelty Services at Stadiums, Arenas and Amphitheaters**

Food, beverage and novelty services are provided by Entertainment in the United States and Canada at a number of locations including those listed in the following table:

<b><u>Name</u></b>	<b><u>Location</u></b>
Wrigley Field	Chicago, Illinois
Rich Stadium	Buffalo, New York
USAir Arena	Landover, Maryland
Milwaukee Exposition and Convention Center	Milwaukee, Wisconsin
Los Angeles Convention Center	Los Angeles, California
The Kingdome	Seattle, Washington
Veterans Stadium	Philadelphia, Pennsylvania
Market Square Arena	Indianapolis, Indiana
McNichols Arena	Denver, Colorado
Cobo Hall	Detroit, Michigan
Tempe Diablo Stadium	Tempe, Arizona
University of Oklahoma Stadium	Norman, Oklahoma
The MGM Grand Gardens Arena	Las Vegas, Nevada
Saint John Regional Exhibition Centre	New Brunswick, Canada
General Motors Place	Vancouver, British Columbia
Mile High Stadium	Denver, Colorado
Victory Field	Indianapolis, Indiana

Entertainment will be the exclusive food and beverage provider for the MCI Center under construction in downtown Washington, D.C. which is scheduled to open in the fall of 1997. This new 20,000-seat facility will serve as the home of the Washington Bullets National Basketball Association team and the Washington Capitals National Hockey League team. Entertainment will provide concession services to the general seating area as well as in-seat services to 110 suites and more than 2,000 club seats.

Entertainment owns a 50% interest in the Australian and New Zealand business of the International Facility Corporation Pty Ltd. ("IFC"), a private facility management firm based in Brisbane, Australia. IFC is the managing general partner for all of the Entertainment/IFC joint venture accounts in Australia and New Zealand. These accounts include the Brisbane Entertainment Centre, the Newcastle Entertainment Centre, the Cairns Convention Centre, and a significant interest in Convex, operator of the Brisbane Convention and Exposition Centre. IFC is also acting as a consultant for the design and construction and will be providing ongoing management of the Olympic 2000 Stadium in Sydney, Australia.

Entertainment also provides food and beverage services at amphitheaters throughout the United States, including those listed in the following table:

<b><u>Name</u></b>	<b><u>Location</u></b>
Starlake Amphitheatre	Pittsburgh, PA
Fiddlers Green Amphitheatre	Englewood, CO
Sandstone Amphitheatre	Kansas City, MO
Cynthia Woods Mitchell Pavilion	Woodlands, TX
Meadows Music Theater (All-Seasons)	Hartford, CT
Camden Amphitheatre (All-Seasons)	Camden, NJ
Polaris Amphitheatre	Columbus, OH
Nissan Amphitheatre	Manassas, VA
Molson Amphitheatre	Toronto, Canada
Virginia Beach Amphitheatre	Virginia Beach, VA

#### **Facility Management and Concession Services**

Entertainment, through long-term management agreements, operates and manages, and in some cases provides concession services, at various convention centers, arenas and public facilities including the following:

<b><u>Name</u></b>	<b><u>Location</u></b>
Arrowhead Pond	Anaheim, CA
Corel Centre	Ottawa, Canada
Pensacola Civic Center	Pensacola, FL

Sullivan Arena	Anchorage, Alaska
Egan Convention Center	Anchorage, Alaska
Rosemont Horizon	Chicago, IL
Target Center	Minneapolis, MN
Northlands Coliseum	Edmonton, Alberta
The Great Western Forum	Los Angeles, CA
Newcastle Arena	Newcastle, England
NYNEX arena Manchester	Manchester, England
Bridgewater Hall*	Manchester, England
Stadium Australia	Sydney, Australia
Arena Oberhausen	Oberhausen, Germany

- \* This performing arts center is operated by a joint venture company comprised of Entertainment and the Halle Concerts Society of England.

The Corel Centre (formerly the Ottawa Palladium), a 19,000-seat multipurpose indoor arena in Ottawa, Canada, which is owned by a third party, opened in January of 1996, and Entertainment commenced operations under a 30-year contract to provide complete facility management and concession services at this arena, which is the home of the Ottawa Senators of the National Hockey League. Pursuant to the 30-year contract, Entertainment has agreed that the Corel Centre, under Entertainment's management, will generate a minimum amount of revenues and has agreed to advance funds, if necessary, to its customer to assist in refinancing senior secured debt incurred in connection with construction of the facility. Such refinancing requirements are currently scheduled to amount to \$75 million at maturity of the senior secured debt, which is expected to be on or about January 1, 2001. Ogden anticipates that these arrangements will be renegotiated to provide for an Ogden obligation to purchase such senior secured debt in the amount of \$95 million at the end of March 2000 if the debt is not refinanced. In addition, Ogden has guaranteed indebtedness of \$16.1 million of an affiliate and principal tenant of Entertainment's customer. The owners of the Corel Centre are parties to a 30-year license agreement with the owner of the Ottawa Senators, pursuant to which the Ottawa Senators began to play their home games at the arena in January 1996.

Pursuant to a management agreement between the City of Anaheim, California and a wholly-owned subsidiary of Ogden, Entertainment manages and operates the Arrowhead Pond, a facility owned by and located within the City of Anaheim. Ogden has agreed that the Arrowhead Pond, under Entertainment's management, will generate a minimum amount of revenues computed in accordance with this 30-year management agreement with the City. The Arrowhead Pond is a multi-purpose facility capable of accommodating professional basketball and hockey, concerts and other attractions, and has a maximum seating capacity of approximately 19,400. Entertainment also has a 30-year lease agreement with The Walt Disney Company at the Arrowhead Pond pursuant to which the Anaheim Mighty Ducks, a National Hockey League team owned by The Walt Disney Company, plays its home games.

In Mexico, Entertainment provides food and beverage concessions at the Sports Palace, a 22,000 seat arena, located in Mexico City, as well as the new Autodrome Fundidora Amphitheater in Monterrey, Mexico that is able to accommodate 18,000 people.

### **Other Activities**

Metropolitan Entertainment Company Inc. ("Metropolitan"), is a leading concert promoter in New York, New Jersey, Connecticut, and parts of Massachusetts in which Entertainment owns a 50% interest. Metropolitan and Entertainment, through their joint venture called the Metropolitan Entertainment Group ("MEG"), conduct concert promotion activities, operate amphitheaters in the eastern United States and concentrate on national and global music tours, artist management, Broadway and television productions, recording, and music publishing. MEG, through a long-term lease, operates the 20,000 capacity Darien Lake Performing Arts Center located in Darien Lake, New York. MEG has also established its own record label, Hybrid Recordings.

Entertainment leases and operates a thoroughbred and harness racetrack and five off-track betting parlors in Illinois where it telecasts races from Fairmount Park and other racing facilities. Restaurants and other food and beverage services are provided by Entertainment at these facilities. A large portion of the track's revenue is derived from its share of the pari-mutuel handle, which can be adjusted by state legislation. Other income is derived from admission charges, parking, programs and concessions.

Entertainment also provides concessions at zoos located in Seattle, Washington; Cleveland, Ohio; and Columbia, South Carolina.

Entertainment also is engaged in the large-format film and theater business. These large-format films are usually shown on screens six stories high in specially designed theaters. Entertainment and Toronto-based Imax Corporation have entered into a letter of intent to co-develop, build and operate fifteen (15) large-format IMAX® theaters domestically and internationally over the next five years. Entertainment has also formed a three-year co-production agreement with two-subsiidiaries of Sony Corporation of America for several large-format films.

Entertainment's first venture into the gaming business occurred in 1996 when it began to operate the casino at the Americana Beach Resort in Aruba. Entertainment's focus on gaming will be primarily on international properties linked to wider entertainment endeavors.

## **AVIATION**

The Aviation group provides specialized support services to airlines at locations throughout the United States, Canada, Europe, Latin America and the Pacific Rim. The specialized support services provided by this group include comprehensive ground handling, ramp, passenger, cargo and warehouse, aviation fueling and in-flight catering services. These services are performed through joint ventures, consortiums, contracts with individual airlines, consolidated agreements with several airlines, and contracts with various airport authorities.

The Aviation group's operations have undergone and continue to undergo review and refinement through the sale of certain under-performing operations such as: (i) its ground services operations at New York's Kennedy International Airport; (ii) its VIP lounge in Chile; (iii) its in-flight kitchen operations at the Miami International Airport and at several airports in Spain; and (iv) certain of its skycap and security service operations at 15 airports throughout the United States.

### **Ground Handling and Specialized Support Services**

Ground handling services include diversified ramp operations such as baggage unloading and loading, aircraft cleaning, aircraft maintenance, flight planning, de-icing, cargo handling, warehouse operations and passenger-related services such as ticketing, check-in, security and pre-board services, passenger lounge operations, cargo/warehouse services and other miscellaneous services.

Global expansion by the Aviation group has resulted in providing comprehensive ground handling and related services at many international locations throughout Europe, Canada, South America, Asia and other countries. Set forth below is a sampling of major foreign airports where Aviation currently conducts ground handling operations:

<b><u>Airport</u></b>	<b><u>Location</u></b>
Heathrow Airport	England
Schiphol International Airport	Netherlands
Auckland International Airport	New Zealand
Jorge Chaves International Airport	Lima, Peru
Guarulhos International Airport	Sao Paulo, Brazil
Galeao International Airport	Rio de Janeiro, Brazil
Pearson International Airport	Toronto, Canada
Mirabel and Dorval Airports	Montreal, Canada
Simon Bolivar International Airport	Caracas, Venezuela
Mexico International Airport	Mexico City, Mexico
Chek Lap Kok	Hong Kong*
Macau International Airport	Macau

\* Expected to open in 1998.

Aviation also performs ground handling operations at eight different airports throughout Germany; the Czech Republic through a 50% interest in a Prague-based airport handling company; ground handling operations at the Arturo Merino Benitez Airport in Santiago, Chile and through a joint venture with a Turkish company, aircraft cleaning, security and commissary supplies to carriers at Ataturk Airport in Istanbul and other locations in Turkey. Ogden Aviation continues to perform services at St. Maarten's Princess Juliana International Airport. In Aruba through a corporation jointly owned by Aviation and Air Aruba, Aviation provides ramp and passenger services at Reina Beatrix International Airport. Other ground handling operations include the La Unión Airport in Puerto Plata, Dominican Republic; the Belo Horizonte International Airport, Brazil; eleven (11) Airports in Mexico; and through a joint venture with Aldeasa S.A. of Spain provides cargo handling and warehousing services at airports located in Madrid and Barcelona, Spain.

### **Fueling Services**

Aviation operates fueling facilities, including storage and hydrant fueling systems for the fueling of aircraft. This operation assists airlines in designing, arranging financing for, and installing underground fueling systems. These fueling operation services are principally performed in the North American market, including the maintenance and operation of a new Fuel Farm located at the San Diego International Airport. However, Aviation is the sole fueling handling agent at Tocumen International Airport in Panama City, Panama and fuels aircrafts at the Luis Munoz International Airport in San Juan, Puerto Rico.

### **In-Flight Catering**

Aviation operates 11 in-flight kitchens for over 85 airline customers at a number of locations, including the following:

<u>Airport</u>	<u>Location</u>
John F. Kennedy International	New York
LaGuardia	New York
Newark International	New Jersey
Los Angeles International	California
San Francisco International	California
Washington Dulles International	Washington, D.C.
McCarren International (Las Vegas)	Nevada

### **Airport Privatization and Related Projects**

A consortium, composed of Ogden Aviation Services, Inc., Macau Aviation Services Corporation, EVA Airways, Air Macau and several local companies and prominent businessmen, was awarded a 19-year contract, with a 16-year exclusivity arrangement, pursuant to which the consortium provides ramp and cargo handling, passenger services, and aircraft line maintenance service at the new Macau International Airport, which opened and began operations



in November 1995. The consortium, of which Aviation Services is the managing partner with a 29% participation, is providing all necessary passenger and ramp equipment, has constructed a cargo warehouse and is in process of building cargo and engineering facilities, an aircraft hangar and a state-of-the-art training center at the airport. The consortium's investment in infrastructure improvements and equipment in the new Macau airport is expected to exceed \$40 million.

Aviation is also part of a consortium, of which Aviation has a 19% interest, that has been awarded a 20-year concession contract by the Civil Aviation Authority of Colombia to finance, build and operate a second runway at the El Dorado Airport, in Bogota, Colombia. Aviation's consortium partners, including Spain's Dragados y Contruccion SA and Colombia's Conconcreto, are building the 3.8-kilometer runway at an estimated cost of \$97 million. Construction, which began in 1996, is expected to be completed by May 1998. The consortium will maintain the new runway, and the pre-existing runway, for approximately 17 years in return for runway landing fees.

### **Applied Data Technology**

Applied Data Technology, Inc. ("ADTI"), located in San Diego, California, is a leading supplier of air combat maneuvering instrumentation systems and after-action reporting and display systems. ADTI's range systems are installed at Navy and Air Force aircraft training ranges to facilitate air-to-air combat exercises and monitor, record and graphically display the exact maneuvers of the aircraft on the ranges and simulate the various weapons systems aboard the aircraft. These range automated systems are used by the U.S. Navy and Air Force to train pilots for combat conditions and by the Department of Defense in training pilots to avoid "friendly fire" incidents. ADTI's systems are currently installed at four of the 14 domestic ranges, including the range at the Top Gun school at Miramar, California. The range systems business includes new ranges, expansion and upgrade of existing ranges, product support and related programs.

### **OPERATIONAL RESTRUCTURING**

Ogden's Services segment has completed the disposition of most of its non-core businesses, including W.J. Schafer Associates, Inc., Ogden Professional Services Corporation, Facility Services (except the New York Region), Ogden BioServices Corporation, Universal Ogden Services (a 50% owned joint venture), and Analytical Technologies, Inc. The disposition of other non-core businesses, principally Atlantic Design Company, Inc., which provides contract manufacturing; Facility Services (New York Region) which provides facility management, maintenance, janitorial and manufacturing support services; and certain in-flight kitchen operations, skycap services and security services provided by its Aviation group, are expected to be sold during 1997.

## **ENERGY**

The operations of Ogden's Energy segment are conducted by Ogden Energy Group, Inc. through four principal business areas: independent power, waste-to-energy, water and waste water and environmental consulting and engineering (collectively the "Energy Group"). Since the early 1980's, affiliates and subsidiaries of the Energy Group have been engaged in developing and in some cases owning energy-generating projects fueled by municipal solid waste, and providing long term services from these projects to communities. The Energy Group is now the largest full service vendor (i.e., builder/operator) in the world for waste-to-energy projects, based on both number of facilities as well as throughput capacity. In addition, since 1989, subsidiaries have been engaged in developing, owning and/or operating independent power production projects. The Company seeks to utilize the expertise gained from these activities in developing, owning or operating energy generating facilities in the United States and abroad that utilize a variety of other fuels, as well as water and wastewater facilities that will similarly serve communities on a long term basis.

The Energy Group generally seeks to participate in projects in which it can make an equity investment and become the operator; its returns will be derived from equity distributions and/or operating fees. It also seeks to have a role in the development of the projects. The types of projects in which the Energy Group seeks to participate sell the electrical power services they generate, or the waste or water-related services they provide, under long term contracts or market concessions to utilities, government agencies providing power distribution, creditworthy industrial users, or local government units providing waste disposal or water and wastewater services. For power projects utilizing a combustible fuel or geothermal sources, the Energy Group seeks projects which have a secure supply of fuel or geothermal brine through long-term supply arrangements or by obtaining control of the fuel source. The Energy Group generally looks to finance its projects using equity or capital commitments provided by it or other investors, combined with nonrecourse debt for which the lender's sole source of payment is project revenues and assets.

The number of projects being pursued at any given time by the Energy Group will, naturally, fluctuate. The complexities and uniqueness of international project development in particular requires that the Energy Group continually assess the likelihood of successful project financing throughout the development stage and weigh that against the expected benefits. In addition, the Energy Group may, depending upon circumstances and at the appropriate time, elect to dispose of a portion of an equity interest it may have in a project after financing.

## **INDEPENDENT POWER**

The Energy Group's independent power business is conducted by its wholly-owned subsidiary, Ogden Energy, Inc. ("OEI"). OEI develops, operates and/or invests in independent (i.e., nonutility) electric energy generation ("Independent Power Production" or "IPP") projects which sell their output to utilities, electricity distribution companies or industrial consumers in the

United States and abroad. The activities of this group do not include the development of generating facilities fueled by solid waste, which are conducted by the waste-to-energy group, discussed below.

The Energy Group presently has interests in IPP projects with an aggregate generating capacity of 1172 MW (gross) either operating or under construction in the United States, Central and South America, and The Philippines. It continues to seek to expand its ownership and operation of IPP projects in these and other regions, primarily with focus on development opportunities in the Pacific Rim, Southeast Asia and India. The Energy Group's IPP business is facilitated through field offices in Hong Kong; Manila, The Philippines; Taipei, Taiwan, and Sao Paulo, Brazil.

**(a) IPP Projects.**

**Quezon.**

During 1996 and early 1997, the Energy Group successfully completed the development stage of its largest international project to date. A consortium, of which the Energy Group is a member has developed and is now constructing a 480 MW coal-fired electric generating facility in the Republic of the Philippines (the "Quezon Project"). The other members of the consortium are affiliates of International Generating Company, an affiliate of Bechtel Enterprises, Inc. and PMR Limited Co., a Philippines partnership. The consortium entered into a power purchase agreement with Manila Electric Company ("Meralco"), the largest electric distribution company in The Philippines, which serves the area surrounding and including metropolitan Manila. Under the terms of the agreement, Meralco is obligated, for a period of 25 years, to purchase stated minimum annual quantities of electricity produced by the facility on terms and at prices set forth in the agreement. The consortium has entered into contracts for the supply of coal at stated prices for a portion of the term of the power purchase agreement.

The power purchase agreement has been approved by the Philippines Energy Regulatory Board. The project has received an environmental clearance certificate, the primary environmental permit required for construction and operation, together with all permits required to commence ground-clearing and grading activities. Site acquisition has been substantially completed. Total cost of development and construction of the Quezon Project is expected to be approximately \$800 million. A notice to proceed with construction of the facility has been issued to the turnkey contractors, which are affiliates of Bechtel Enterprises, Inc., and construction of the facility commenced on December 27, 1996. An Energy Group subsidiary will operate the Quezon Project on behalf of the consortium for a 25 year term from the commencement of commercial operation.

On December 30, 1996, the consortium concluded negotiations with and executed financing agreements with construction and term lenders to the Quezon Project, including Union Bank of Switzerland and the US Export-Import Bank. On February 11, 1997 the financing was

closed, subject to certain conditions subsequent which must be satisfied prior to the initial loan disbursement. All conditions to release of loan proceeds are expected to be satisfied in due course.

The Energy Group will receive certain limited amounts of revenue from the Quezon Project during construction. Operating revenue is expected to commence upon commercial operation, projected for January 2000.

### **Operating Facilities.**

The Energy Group's operating IPP projects utilize a variety of energy sources: water (hydroelectric), natural gas, geothermal energy, and petroleum distillates. The Quezon Project when completed will utilize coal.

The Group's hydroelectric projects include the New Martinsville, West Virginia project, which is operated through a wholly-owned subsidiary. The output is sold under a long term contract with Monongohela Power Company. The Energy Group has an ownership interest in the Don Pedro project in Costa Rica through an equity investment in Energia Global, Inc. ("EGI"). Don Pedro is owned by EGI and is operated by an affiliate of the Energy Group. A second hydroelectric project, Rio Vulcan, is scheduled to commence operation in 1997 and also will be operated by an Energy Group affiliate. The electric output from both of these facilities is sold to Instituto Costarricense de Electricidad.

The Energy Group's natural gas projects include the Brandywine Maryland facility which began operation in 1996. This facility is operated by a subsidiary of the Energy Group, and its output is sold to Potomac Electric Power Company. The other natural gas projects are located in Bolivia, where affiliates of the Energy Group own an interest in Empresa Valle Hermoso ("EVH") which was formed by the Bolivian government as part of the capitalization of the government-owned utility ENDE. EVH owns and operates 215 MW of gas-fired generating capacity. An affiliate of OEI participates in a joint venture that supplies EVH with management services support.

The Energy Group is the lessee of two geothermal facilities in California, both of which are operated by the Group's affiliates, and a geothermal resource which is adjacent to and supplies fluid to both geothermal facilities. The electricity from both projects, the Heber and SIGC facilities, is sold under long-term contracts with Southern California Edison.

In 1996, the Energy Group added diesel fuel facilities to its portfolio through the acquisition of equity interests in two projects in the Philippines: the Bataan Cogeneration project and the Island Power project. These projects will be operated by an affiliate of the Energy Group. The Bataan Cogeneration project has a long-term contract to sell its electrical output to the National Power Corporation (with which it also has entered into a fuel management agreement for fuel supply) and the Bataan Export Processing Zone Authority, while the Island Power project has a long-term power contract with the Occidental Mindoro Electric Cooperative.

(b) **Project Summaries.** Certain information with respect to the Energy Group's IPP projects as of March 1, 1997 is summarized in the following table:

### IPP PROJECTS

<u>In Operation:</u>	<u>Location</u>	<u>Energy Source</u>	<u>Size</u>	<u>Nature of Interest</u>	<u>Date of Acquisition/ Commencement of Operations</u>
1. New Martinsville	West Virginia	Hydro	40MW	Lessee/Operator	1991
2. Heber <sup>(1)(2)</sup>	California	Geothermal	52MW	50% Lessee/ Operator	1989
3. SIGC <sup>(2)</sup>	California	Geothermal	48MW	Lessee/Operator	1994
4. Don Pedro	Costa Rica	Hydro	16MW	Operator	1996
5. Island Power Corporation <sup>(3)(4)</sup>	Philippines	Diesel	7MW	Part Owner/ Operator	1996
6. Bataan Cogeneration <sup>(3)</sup>	Philippines	Diesel	58MW	Owner/Operator	1996
7. Empresa Valle Hermoso <sup>(3)</sup>	Bolivia	Natural Gas	215MW	Part Owner/ Operations Mgmt.	1995
8. Brandywine	Maryland	Natural Gas	240MW	Operator	1996
<b><u>Under Construction:</u></b>					
1. Quezon <sup>(4)</sup>	Philippines	Coal	480MW	Operator/Part Owner	2000(est.)
2. Rio Vulcan	Costa Rica	Hydro	16MW	Operator	1997(est.)

- (1) An OEI affiliate is a 50% partner in the project entity which leases the facility from a third-party lessor. The lease expires in 2000 and is subject to a 15-year renewal at the OEI affiliate's option.
- (2) An OEI affiliate is a 50% partner of the lessee of the resource supplying fluid to the project, and the lessor is the same third-party that leases the Heber project to that project entity.
- (3) These projects are currently undergoing refurbishment. Accordingly, as of March 1, 1997, not all units of these projects were running at capacity.
- (4) An OEI affiliate has an approximately 40% ownership interest in this project.

- (5) The OEI affiliate owns an approximately 24% interest in a consortium that purchased 50% of Empresa Valle Hermoso. The remaining 50% is owned by Bolivian pension funds.
- (6) An OEI affiliate has an approximately 26% ownership interest in the project.

(c) **Other Development Efforts.** The Energy Group is actively pursuing several projects, some of which have achieved significant development milestones such as executed power purchase agreements, or receipt of key governmental approvals. As with all development efforts, however, there are in each case numerous conditions to be satisfied prior to financing, some of which are not within the Energy Group's control. As such, no assurance can be given that these projects will ultimately be developed successfully.

## **WASTE-TO-ENERGY**

The Energy Group's waste-to-energy operations have been consolidated in a wholly-owned subsidiary, Ogden Waste to Energy, Inc. ("OWTE"). Waste-to-energy facilities combust municipal solid waste to make saleable energy in the form of electricity or steam. This group completed construction of its first waste-to-energy project in 1986. It currently operates 28 waste-to-energy projects at 27 locations. The Energy Group's affiliates are the owners or lessees of 17 of its projects. OWTE has the exclusive right to market in the United States the proprietary, mass-burn technology of Martin GmbH für Umwelt-und Energietechnik ("Martin"). All of the facilities the Energy Group has constructed use this Martin technology. In addition, the Energy Group operates facilities using other technologies.

Generally, OWTE, through wholly-owned subsidiaries ("Operating Subsidiaries"), provides waste-to-energy services pursuant to long-term service contracts ("Service Agreements") with local governmental units sponsoring the waste-to-energy project ("Client Communities"). Certain of its facilities do not have sponsoring Client Communities.

### **(a) Terms and Conditions of Service Agreements.**

Each Service Agreement is different in order to reflect the specific needs and concerns of the Client Community, applicable regulatory requirements, and other factors. The following description sets forth terms that are generally common to these agreements:

- The Operating Subsidiary designs the facility, helps to arrange for financing, and then constructs and equips the facility on a fixed price and schedule basis.
- The Operating Subsidiary operates the facility and generally guarantees it will meet minimum processing capacity and efficiency standards, energy production levels, and environmental standards. The Operating Subsidiary's failure to meet these guarantees or to otherwise observe the material terms of the Service Agreement (unless caused by the Client Community or by events beyond its control ("Unforeseen

Circumstances")) may result in liquidated damages being charged to the Operating Subsidiary or, if the breach is substantial, continuing and unremedied, the termination of the Service Agreement. In the case of such Service Agreement termination, the Operating Subsidiary may be obligated to discharge project indebtedness;

- The Client Community is generally required to deliver minimum quantities of municipal solid waste ("MSW") to the facility and is obligated to pay a service fee for its disposal, regardless of whether that quantity of waste is delivered to the facility. The service fee escalates to reflect indexes of inflation. In many cases the Client Community must also pay for transportation of the residue to the disposal site. Generally, expenses resulting from the delivery of unacceptable and hazardous waste on the site, are also borne by the Client Community. In addition, the Client Community is also generally responsible to pay increased expenses and capital costs resulting from Unforeseen Circumstances, subject to limits which may be specified in the Service Agreement;
- Ogden Corporation typically guarantees each Operating Subsidiary's performance under its respective Service Agreement.
- The Client Community reimburses the Operating Subsidiary for certain costs specified in the Service Agreement including taxes, governmental impositions (other than income taxes), certain consumables, ash disposal and utility expenses. The Client Community usually retains a portion of the energy revenues (generally 90%) generated by the facility, with the balance paid to the Operating Subsidiary. If the facility is owned by the Operating Subsidiary, the Client Community also pays as part of the Service Fee an amount equal to the debt service due to be paid on the bonds issued to finance the facility. At most facilities, the Energy Group may earn additional fees from accepting waste from the Client Community or others utilizing the capacity of the facility, which exceeds the amount of waste committed by the Client Community.

Affiliates of the Energy Group operate transfer stations in connection with some of its waste-to-energy facilities and, in connection with the Montgomery County, Maryland project, use a railway system to transport MSW and ash residue to and from the facility. In addition, affiliates lease and operate a landfill located at its Haverhill, Massachusetts, facility, and lease, but do not operate, a landfill in connection with its Bristol, Connecticut, facility.

(b) Other Arrangements for Providing Waste-to-Energy Services. The Energy Group owns two facilities that are not operated pursuant to Service Agreements with Client Communities and may undertake in the future additional such projects. In such projects, the Operating Subsidiary must obtain sufficient waste under contracts with haulers or communities to ensure sufficient project revenues. In these cases, the Operating Subsidiary is subject to risks

usually assumed by the Client Community, such as those associated with Unforeseen Circumstances and the supply and price of municipal waste to the extent not contractually assumed by other parties. The Group's current contracts with waste suppliers for these two facilities provide that the tipping fee charged for waste disposal service generally escalates with specified indices but otherwise is subject to limited increases in the event that costs of operation increase as a result of Unforeseen Circumstances. On the other hand, in these cases, the Operating Subsidiary generally retains all of the energy revenues from sales of power to utilities or industrial power users and disposal fees for waste accepted at these facilities. Accordingly, the Energy Group believes that such projects carry both greater risks and greater potential rewards than projects in which there is a Client Community.

(c) **Project Financing.** Financing for domestic projects is generally accomplished through the issuance of a combination of tax-exempt and taxable revenue bonds issued by or on behalf of the Client Community. If the facility is owned by the Operating Subsidiary the Client Community loans the bond proceeds to the Operating Subsidiary and pays to the Operating Subsidiary amounts necessary to pay debt service. For such facilities, project-related debt is included as a liability in Ogden's consolidated financial statements. Generally, such debt is secured by the revenues pledged under the respective indenture and is collateralized by the assets of the Operating Subsidiary and otherwise provides no recourse to Ogden, subject to construction and operating performance guarantees and commitments.

(d) **OWTE Projects.** Certain information with respect to projects as of March 1, 1997 is summarized in the following table:

#### WASTE-TO-ENERGY PROJECTS

<u>Units</u>	<u>Tons per Day</u>	<u>Boiler Units</u>	<u>Commencement of Operations</u>
Tulsa, OK (I) <sup>(1)</sup>	750	2	1986
Haverhill/Lawrence, <sup>(2)</sup>	950	1	1984
MA-RDF			
Marion County, OR	550	2 <sup>(2)</sup>	1987
Hillsborough County, FL <sup>(3)</sup>	1,200	3 <sup>(2)</sup>	1987
Tulsa, OK (II) <sup>(1)(4)</sup>	375	1	1987
Bristol, CT	650	2 <sup>(2)</sup>	1988
Alexandria/Arlington, VA	975	3	1988
Indianapolis, IN	2,362	3 <sup>(2)</sup>	1988
Hennepin County, MN <sup>(1)(5)</sup>	1,000	2	1990
Stanislaus County, CA	800	2	1989
Babylon, NY	750	2 <sup>(2)</sup>	1989
Haverhill, MA-Mass Burn	1,650	2	1989
Warren County, NJ <sup>(5)</sup>	400	2	1990
Kent County, MI <sup>(5)</sup>	625	2 <sup>(2)</sup>	1990
Wallingford, CT <sup>(5)</sup>	420	3 <sup>(2)</sup>	1990
Fairfax County, VA	3,000	4 <sup>(2)</sup>	1990



Huntsville, AL <sup>(3)</sup>	690	2 <sup>(2)</sup>	1990
Lake County, FL	520	2 <sup>(2)</sup>	1990
Lancaster County, PA <sup>(3)</sup>	1,200	3 <sup>(2)</sup>	1991
Pasco County, FL <sup>(3)</sup>	1,050	3 <sup>(2)</sup>	1991
Huntington, NY <sup>(6)</sup>	750	3 <sup>(2)</sup>	1991
Hartford, CT <sup>(3)(7)(8)</sup>	2,000	3	1989
Detroit, MI <sup>(1)(6)</sup>	3,300	3	1989
Honolulu, HI <sup>(1)(6)</sup>	2,160	2	1990
Union County, NJ <sup>(3)</sup>	1,440	3	1994
Lee County, FL <sup>(3)</sup>	1,200	3 <sup>(2)</sup>	1994
Onondaga County NY <sup>(6)</sup>	990	3	1995
Montgomery County, MD <sup>(3)</sup>	1,800	3 <sup>(2)</sup>	1995
Total	<u>33,565</u>		

- (1) Facility is owned by an owner/trustee pursuant to a sale/leaseback arrangement.
- (2) Facility has been designed to allow for the addition of another unit.
- (3) Facility is owned by the Client Community.
- (4) Phase II of the Tulsa facility, which was financed as a separate project, expanded the capacity of the facility from two to three units.
- (5) Operating Subsidiaries were purchased after completion, and use a mass-burn technology that is not the Martin Technology.
- (6) Owned by a limited partnership in which the limited partners are not affiliated with Ogden.
- (7) Under contracts with the Connecticut Resource Recovery Authority and Northeast Utilities, the Operating Subsidiary operates only the boiler and turbine for this facility.
- (8) Operating contracts were acquired after completion. Facility uses a refuse-derived fuel technology and does not employ the Martin Technology.

(e) **Technology.** The principal feature of the Martin Technology is the reverse-reciprocating stoker grate upon which the waste is burned. The patent for the basic stoker grate technology used in the Martin Technology expired in 1989. The Energy Group has no information that would cause it to believe that any other company uses the basic stoker grate technology that was protected by the expired patent. Moreover, the Energy Group believes that unexpired patents on other portions of the Martin technology and other proprietary know how would limit the ability of other companies to effectively use the basic stoker grate technology in competition with the Energy Group. There are several unexpired patents related to the Martin Technology including: (i) Grate Bar for Grate Linings, especially in Incinerators - expires, 1999; (ii) Method and Arrangement for Reducing NO<sub>x</sub> Emissions from Furnaces - expires 2000; (iii) Method and Apparatus for Regulating the Furnace Output of Incineration Plants - expires 2007; (iv) Method for Regulating the Furnace Output in Incineration Plants - expires 2008; and (v) Feed Device with Filling Hopper and Adjoining Feed Chute for Feeding Waste to Incineration Plants -

expires 2008. More importantly, the Energy Group believes that it is Martin's know-how and worldwide reputation in the waste-to-energy field, and the Energy Group know-how in designing, constructing and operating waste-to-energy facilities, rather than the use of patented technology, that is important to the Energy Group's competitive position in the waste-to-energy industry in the United States. Ogden does not believe that the expiration of the patent covering the basic stoker grate technology or patents on other portions of the Martin Technology will have a material adverse effect on Ogden's financial condition or competitive position.

The Energy Group believes that mass burn technology is now the predominant technology used for the combustion of solid waste. Overall, there are several other mass-burn technologies available in the market including those of Von Roll, W&E, Takuma, Volund, Steinmueller, Deutsche Babcock, and Detroit Stoker. In addition, other innovative non-mass burn technologies have been developed from time-to-time. Such technologies may claim reduced air emissions, but to date have been unproven on a large scale operation and appear likely to be substantially more expensive. Martin seeks to implement improvements and modifications to its technology in order to maintain its competitive position with non-mass burn technologies. However, should such technologies develop that offer competitive advantages to mass burn, the Energy Group's ability to respond in the United States would be limited by the Cooperation Agreement--see (f) below.

(f) **The Cooperation Agreement.** Under an agreement between Martin and an Ogden affiliate (the "Cooperation Agreement"), the Energy Group's subsidiary, Ogden Projects, Inc. ("OPI") has the exclusive rights to market the proprietary technology (the "Martin Technology") of Martin in the United States, Canada, Mexico, Bermuda, certain Caribbean countries, most of Central and South America, and Israel. Martin is obligated to assist OPI in installing, operating, and maintaining facilities incorporating the Martin technology. The fifteen year term of the Cooperation Agreement renews automatically each year unless notice of termination is given, in which case the Cooperation Agreement would terminate 15 years after such notice. Additionally, the Cooperation Agreement may be terminated by either party if the other fails to remedy its material default within 90 days or notice. The Cooperation Agreement is also terminable by Martin if there is a change of control (as defined in the Cooperation Agreement) of Ogden Martin Systems, Inc. ("OMS"), a wholly-owned subsidiary of OPI or any direct or indirect parent of OMS not approved by its respective board of directors. Although termination would not affect the rights of OPI to design, construct, operate, maintain, or repair waste-to-energy facilities for which contracts have been entered into or proposals made prior to the date of termination, the loss of OPI's right to use the Martin Technology could have a material adverse effect on OPI's future business and prospects.

(g) **Other Development Efforts.** The Energy Group has no firm commitments in its waste-to-energy backlog as of December 31, 1996. As of December 31, 1995, it had one project in its backlog, which the client community, Mercer County, New Jersey, has since announced it intends to cancel.

## **WATER AND WASTEWATER**

The Energy Group's water and wastewater business is conducted through Ogden Yorkshire Water Company ("OYWC"). OYWC's mission is to develop, design, construct, maintain, operate, and in some cases own, water and wastewater treatment facilities and distribution and collection networks in the United States, Canada, Latin America and elsewhere. Although OYWC was formed in 1994 as a joint venture with a British water utility, Yorkshire Water PLC, in 1996, Yorkshire Water PLC determined that it needed to refocus its efforts on its core business in the United Kingdom, and terminated its ownership interest in OYWC and its projects. Yorkshire Water PLC and its affiliates will, however, continue to provide engineering, operations and marketing support and services to OYWC under a contract which expires in 1999.

In the United States, OYWC seeks to participate in water projects in which, under contracts with municipalities, it privatizes water or wastewater facilities, agrees to build new or substantially augment existing facilities and agrees to operate and maintain the facilities under long term contracts. Although in certain situations it would consider entering into operational contracts for facilities in which it has no ownership or long term leasehold interest, and presently has such contracts with three small communities in New York State, the Energy Group generally does not believe such contracts provide adequate returns.

The development of the privatization market for water and wastewater projects in the United States has been hampered by certain legal constraints, primarily restrictions imposed by federal tax regulations that have historically limited the ability of municipalities to enter into long term operating contracts with private entities for facilities financed with tax exempt municipal bonds. In early 1997, the Internal Revenue Service significantly relaxed these restrictions. It is expected that these changes should allow municipalities to more easily privatize existing water and wastewater systems. OYWC believes there are opportunities for projects in the United States, especially in circumstances where substantial new construction is required, and in 1996 it submitted proposals to municipalities for several such opportunities.

In countries other than the United States, the Energy Group is seeking water and wastewater opportunities in which it will provide services to municipalities in which it can own an equity interest in water facilities under a concession that grants it the right to provide service to, and collect revenues from, consumers. The Energy Group believes that the lack of creditworthiness of non-U.S. municipalities, which may result from their limited ability to raise revenues or from other causes, makes the collection of tariffs from the consumer a more secure source of revenue.

Under contractual arrangements, OYWC may be required to warrant certain levels of performance and may be subject to financial penalties or termination if it fails to meet these warranties. The Company may be required to guarantee the performance of OYWC. OYWC seeks not to take responsibility for conditions that are beyond its control.

(a) **Water and Wastewater Projects.** OYWC operates and maintains wastewater treatment facilities for three small municipalities in New York State. Such facilities cumulatively

process approximately 11.8 million gallons per day ("mgd"). In addition, OYWC operates and maintains the municipal wastewater treatment facilities for several other small government and privately owned concerns that cumulatively process less than 1 mgd. All of the facilities are operated pursuant to short-term contracts.

(b) Other Development Efforts. The Energy Group currently has no firm commitments in its water and wastewater backlog. It has, however, received a project award with respect to a 32 year concession serving a population in excess of 700,000 in the City of Muscat, the capital of the Sultanate of Oman. The project encompasses taking over the existing wastewater and sewage facilities in Muscat, as well as the construction and operation of new water and wastewater infrastructure. The infrastructure capital program would be phased in over eight years, with the first phase projected to require approximately \$285 million in new construction. OYWC's role would be as operator on behalf of a joint venture to be formed. The joint venture's arrangement with the government would be on a Build/Own/Operate/Transfer basis, and some equity capital, expected to be approximately \$12 million, would be required of OYWC. The implementation of the Muscat project remains subject to several conditions precedent, many of which are beyond the control of OYWC.

#### **ENVIRONMENTAL CONSULTING AND ENGINEERING**

The Energy Group's environmental consulting services are provided through Ogden Environmental and Energy Services Co., Inc. ("OEES") which provides a comprehensive range of environmental, infrastructure and energy consulting, engineering and design services to industrial and commercial companies, electric utilities and governmental agencies. These services include analysis and characterization, remedial investigations, engineering and design, data management, project management, and regulatory assistance which are provided to a variety of clients in the public and private sectors in the United States and abroad. Principal clients include major Federal agencies, particularly the Department of Defense and the Department of Energy, as well as major corporations in the chemical, petroleum, transportation, public utility and health care industries and Federal and state regulatory authorities. United States Government contracts may be terminated, in whole or in part, at the convenience of the government or for cause. In the event of a convenience termination, the government is obligated to pay the costs incurred under the contract plus a fee based upon work completed.

Professional environmental engineering services, including program management, environmental analysis, and restoration continues to be provided by OEES to the United States Navy CLEAN Program (Comprehensive Long Term Environmental Action Navy) pursuant to a 10-year contract awarded during 1991. Thus far OEES has provided these services at Navy bases in Hawaii, Guam, Japan, Hong Kong, the Philippines, Australia and Korea.

OEES also continues to oversee the removal of storage tanks and contaminated soil from Air Force bases across the United States and in U.S. territories.

## **INTERNATIONAL BUSINESS DEVELOPMENT**

The Energy Group develops projects in many countries, and in doing so seeks to implement its strategy for the development of its business in selected international markets where private development is encouraged. It seeks to do so by focusing on a limited number of opportunities which can be developed in conjunction with high quality local and international partners. Offices have been established in Hong Kong, Manila, Sao Paulo, and Taipei in order to service foreign projects. Opportunities in foreign countries for the services provided by the Group are highly dependent upon the elimination of historic legal and political barriers to the participation of foreign capital and foreign companies in the financing, construction, ownership and operation of infrastructure facilities. For example, in many countries, the production, distribution and delivery of electricity has traditionally been provided by governmental or quasi-governmental agencies. Although a number of these countries have recently liberalized their laws and policies with regard to the participation of private interests and foreign capital in their electric sectors, not all have done so, and not all that have done so may afford acceptable opportunities for the Energy Group.

The development, construction, ownership and operation of facilities in foreign countries also exposes the Company to several potential risks that typically are not involved in such activities in the United States.

Many of the countries in which the Energy Group is or intends to be active are lesser developed countries or developing countries. The financial condition and creditworthiness of the potential purchasers of power and services provided by the Energy Group which may be a governmental or private utility or industrial consumer--or of the suppliers of fuel for projects in these countries--may not be as strong as those of similar entities in developed countries. The obligations of the purchaser under the power purchase agreement, the service recipient under the related service agreement and the supplier under the fuel supply agreement generally are not guaranteed by any host country or other creditworthy governmental agency. Whenever such governmental guarantees are not available, the Energy Group undertakes a credit analysis of the proposed power purchaser or fuel supplier. It also seeks to cause such parties to adequately secure the performance of their obligations through contractual commitments and, where necessary, through the provision by such entities of financial instruments such as letters of credit or arrangements regarding the escrowing of the receivables of such parties in the case of power purchasers.

The Energy Group's IPP and waste-to-energy projects in particular are dependent on the reliable and predictable delivery of fuel meeting the quantity and quality requirements of the project facilities. The Energy Group will typically seek to negotiate long-term contracts for the supply of fuel with creditworthy and reliable suppliers under terms that will permit it to project the future cost of fuel through the life of the contract. However, the reliability of fuel deliveries may be compromised by one or more of several factors that may be more acute or may occur more frequently in developing countries than in developed countries, including a lack of sufficient infrastructure to support deliveries under all circumstances, bureaucratic delays in the import, transportation and storage of fuel in the host country, customs and tariff disputes and local or

regional unrest or political instability. In most of the projects in which the Energy Group participates internationally, it seeks to shift the consequences of interruptions in the delivery of fuel, whether due to the fault of the fuel supplier or due to reasons beyond the fuel supplier's control, to the electricity purchaser or service recipient by securing a suspension of its operating responsibilities under the applicable agreements and an extension of its operating concession under such agreements and/or, in some instances, by requiring the energy purchaser or service recipient to continue to make payments in respect of fixed costs. In order to mitigate the effect of short term interruptions in the supply of fuel, the Energy Group endeavors to provide on-site storage of fuel in sufficient quantities.

Payment for services that the Energy Group provides will often be made in whole or part in the domestic currencies of the host countries. Conversion of such currencies into U.S. dollars generally is not assured by a governmental or other creditworthy country agency, and may be subject to limitations in the currency markets, as well as restrictions of the host country. In addition, fluctuations in value of such currencies against the value of the U.S. dollar may cause the Energy Group's participation in such projects to yield less return than expected. Transfer of earnings and profits in any form beyond the borders of the host country may be subject to special taxes or limitations imposed by host country laws. The Energy Group seeks to participate in projects in jurisdictions where limitations on the convertibility and expatriation of currency have been lifted by the host country and where such local currency is freely exchangeable on the international markets. In most cases, components of project costs incurred or funded in the currency of the United States are recovered without risk of currency fluctuation through negotiated contractual adjustments to the price charged for electricity or service provided.

In addition, the Energy Group will generally participate in projects which provide services that are treated as a matter of national or key economic importance by the laws and politics of many host countries. There is therefore risk that the assets constituting the facilities of these projects could be temporarily or permanently expropriated or nationalized by a host country, or made subject to martial or exigent law or control.

The Energy Group will seek to manage and mitigate these risks through all available means that it deems appropriate. They will include: political and financial analysis of the host countries and the key participants in each project; guarantees of relevant agreements with creditworthy entities; political risk and other forms of insurance; participation by international finance institutions, such as affiliates of the World Bank, in financing of projects in which it participates; and joint ventures with other companies to pursue the development, financing and construction of these projects.

## **OTHER INFORMATION**

### **MARKETS, COMPETITION AND GENERAL BUSINESS CONDITIONS**

Ogden's Entertainment, Aviation and Energy Groups business segments can be adversely affected by general economic conditions, war, inflation, adverse competitive conditions, governmental restrictions and controls, natural disasters, energy shortages, weather, the adverse financial condition of customers and suppliers, various technological changes and other factors over which Ogden has no control.

The economic climate can also adversely affect several of Ogden's operations, including, but not limited to, fewer airline flights, reduced in-flight meals and flight cancellations in the Aviation group; and, reduced event attendance in its Entertainment group. In addition, disputes between owners of professional sports organizations and the professional players of such organizations have affected and may continue to affect the operations of the Entertainment group.

Competition for projects is intense in all markets in which the Energy Group does business or intends to do business. There are numerous companies in the United States and in foreign countries that pursue these projects. Many of these companies have more experience, capital and other resources than does Ogden.

The Energy Group expends substantial amounts for the development of new businesses, some of which expenditures are capitalized. Generally, it receives funds to undertake these activities from Ogden. Beyond staffing costs, expenditures include the costs of contract and site acquisition, feasibility and environmental studies, technical and financial analysis, and in some cases the preparation of extensive proposals in response to public or private requests for proposals. Development of projects involves substantial risk to the developers which is not within their control. Success depends upon obtaining in a timely manner acceptable contractual arrangements and financing, appropriate sites, acceptable licenses, environmental permits and governmental approvals. Even after the required contractual arrangements are achieved, implementation of the contract often is subject to substantial conditions that may be outside the control of the developer. If development opportunities in which the Energy Group is involved are no longer viewed as viable, such costs are written off as an expense. In some, but not all, circumstances, the Energy Group makes contractual arrangements for the partial recovery of development costs if the project fails to be implemented for reasons beyond its control.

The Energy Group's businesses are subject to a variety of competitive and market influences, and these influences are different for each of its principal business areas. Its IPP business faces a domestic market that is expected to change substantially in the years ahead from a mature, highly regulated and uncompetitive market for energy services to a less regulated and more competitive market as utilities restructure for deregulation and termination of their traditional monopolies. The international market for energy services is characterized by a large demand and much competition for projects within a relatively immature market framework.

The domestic market for waste-to-energy services has largely matured and is now heavily regulated. New opportunities for domestic projects are expected to be scarce for the foreseeable future. Foreign demand for waste to energy projects is also expected to exist only in unique circumstances where other disposal options are unavailable or unusually costly. This reflects a number of factors that adversely affected communities' willingness to make long-term capital commitments to waste disposal projects, including: declining prices at which energy can be sold; declining alternative disposal costs; uncertainties about the impact of recycling on the waste stream; and continuing concerns arising from the Clean Air Act Amendments of 1990. Another factor affecting the demand for new waste-to-energy projects was a 1994 United States Supreme Court decision invalidating state and local laws and regulations mandating that waste generated within a given jurisdiction be taken to a designated facility. See "Flow Control". Notwithstanding the decline in opportunities for new waste-to-energy facilities, OWTE believes there may be opportunities at existing facilities for expansion. Many of these factors also impact, to varying degrees, the competitiveness of the pricing established by Client Communities at OWTE's operating projects. For example, in most of the markets that OWTE currently serves, the cost of waste-to-energy services is competitive with the cost of other disposal alternatives, mainly landfilling. However, much of the landfilling done in the United States is done on a spot market or through short-term contracts (less than 5 years), and the resulting price volatility means that market prices may at times be lower than prices at waste-to-energy facilities, which, like OWTE's, are typically based on long-term contracts and pricing. In addition, the cost competitiveness of operating waste-to-energy facilities also depends on the prices at which the facility can sell the energy it generates, and the additional charges that some Client Communities add to their fee structures.

The Energy Group's water and wastewater business faces an immature but developing domestic market for private water and wastewater services, and, like energy, a large foreign demand within an immature marketplace.

With these market dynamics, the Energy Group believes that its primary but not exclusive development focus for new projects during the next several years will be in the IPP area.

#### **EQUAL EMPLOYMENT OPPORTUNITY**

In recent years, governmental agencies (including the Equal Employment Opportunity Commission) and representatives of minority groups and women have asserted claims against many companies, including some Ogden subsidiaries, alleging that certain persons have been discriminated against in employment, promotions, training, or other matters. Frequently, private actions are brought as class actions, thereby increasing the practical exposure. In some instances, these actions are brought by many plaintiffs against groups of defendants in the same industry, thereby increasing the risk that any defendant may incur liability as a result of activities which are the primary responsibility of other defendants. Although Ogden and its subsidiaries have attempted to provide equal opportunity for all of its employees, the combination of the foregoing factors and others increases the risk of financial exposure.



## EMPLOYEE AND LABOR RELATIONS

As of March 1, 1997, Ogden and its subsidiaries had approximately 30,000 U.S. and Canadian employees.

Certain employees of Ogden are employed pursuant to collective bargaining agreements with various unions. During 1996 Ogden successfully renegotiated collective bargaining agreements in certain of its business sectors with no strike-related loss of service. However, in January 1996, negotiations between New York City commercial office building owners and Local 32B-32J Service Employees international Union, AFL-CIO broke off following the December 31, 1995 expiration of the previous industry-wide collective bargaining agreement. As a result thereof approximately 30,000 Union employees went on strike on January 4, 1996. Ogden's New York Facility Management operations employs approximately 1,700 Union employees which were affected by the strike under contracts with the building owners. The strike was settled in February 1996 and there was no significant impact on Ogden's consolidated operations as a result of this strike. Ogden considers relations with its employees to be good and does not anticipate any further significant labor disputes in 1997.

## ENVIRONMENTAL REGULATORY LAWS

(a) **Domestic.** The Energy Group business activities in the United States are pervasively regulated pursuant to federal, state and local environmental laws. Federal laws, such as the Clean Air Act and Clean Water Act, and their state counterparts, govern discharges of pollutants to air and water. Other federal, state, and local laws, comprehensively govern the generation, transportation, storage, treatment, and disposal of solid waste, including hazardous waste (such laws and the regulations thereunder, "Environmental Regulatory Laws").

The Environmental Regulatory Laws and other federal, state, and local laws, such as the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") (collectively, "Environmental Remediation Laws"), make the Energy Group potentially liable on a joint and several basis for any environmental contamination which may be associated with its activities at sites, including landfills, which the Energy Group's subsidiaries have owned, operated, or leased or at which there has been disposal of residue or other waste handled or processed by such subsidiaries. Through its subsidiaries, the Energy Group leases and operates a landfill in Haverhill, Massachusetts, and leases a landfill in Bristol, Connecticut, in connection with its projects at those locations. Some state and local laws also impose liabilities for injury to persons or property caused by site contamination. Some Service Agreements provide for indemnification of the operating subsidiaries from some such liabilities.

The Environmental Regulatory Laws require that many permits be obtained before the commencement of construction and operation of waste-to-energy, independent power and water and wastewater projects. There can be no assurance that all required permits will be issued, and the process of obtaining such permits can often cause lengthy delays, including delays caused by third-party appeals challenging permit issuance. Failure to meet conditions of these permits or of the Environmental Regulatory Laws and the corresponding regulations can subject an

Operating Subsidiary to regulatory enforcement actions by the appropriate governmental unit, which could include monetary penalties, and orders requiring certain remedial actions or limiting or prohibiting operation. To date, the Energy Group has not incurred material penalties, been required to incur material capital costs or additional expenses, nor been subjected to material restrictions on its operations as a result of violations of environmental laws, regulations, or permits. Certain of the Environmental Regulatory Laws authorize suits by private parties for damages and injunctive relief. Repeated unexcused failure to comply with environmental standards may also constitute a default by subsidiaries of the Energy Group.

The Environmental Regulatory Laws and federal and state governmental regulations and policies governing their enforcement are subject to revision. New technology may be required or stricter standards may be established for the control of discharges of air or water pollutants or for solid waste or ash handling and disposal. Thus as new technology is developed and proven, it may be required to be incorporated into new facilities or major modifications to existing facilities. This new technology may often be more expensive than that used previously.

The Clean Air Act Amendments of 1990 required EPA to promulgate New Source Performance Standards ("NSPS") and Emission Guidelines ("EG") applicable to new and existing municipal waste combustion units for particulate matter (total and fine), opacity, sulfur dioxide, hydrogen chloride, oxides of nitrogen, carbon monoxide, dioxins and dibenzofurans.

The NSPS and EG, which were issued in final form in 1995, will require capital improvements or operating changes to most of the waste-to-energy facilities operated by OWTE to control emissions of nitrogen oxides, organics, mercury and acid gases. The timing and cost of the modifications required at OWTE facilities will depend on the provisions of implementing regulations that states must adopt and EPA approve. The deadline for states to submit their implementing regulations was December 19, 1996. On December 6, 1996, however, the Court of Appeals for the D.C. Circuit vacated the NSPS and EG in its decision in Davis County Solid Waste Management and Energy Recovery Special Services District v. USEPA. A petition for reconsideration is pending. If the Court does not reverse its ruling, states may suspend or repeal their regulations until EPA revises and reissues the NSPS and EG in accordance with the Court of Appeals' direction. Many states' laws require this result in any event to prevent having regulations more stringent than federal requirements. It is uncertain how long EPA will take to reissue the NSPS and EG, but the agency has announced its intention to minimize the delay in achieving the enhanced emissions controls for large facilities that the NSPS and EG would have provided. The Company believes that EPA will probably reissue the NSPS and EG for all its other facilities in substantially identical form as those that were vacated, and that OWTE projects may have until early in 2002 to achieve compliance.

The costs to meet new rules for existing facilities owned by Client Communities generally will be borne by the Client Communities. For projects owned or leased by Ogden and operated under a Service Agreement, the Client Community has the obligation to fund such capital improvements, to which Ogden may be required to make an equity contribution, generally 20%. In certain cases, Ogden is required to fund the full cost of these capital improvements at those facilities that are either not operated pursuant to a Service Agreement or whose Service Agreement

does not require the costs to be borne by the Client Community. The Company estimates that its commitments for these capital improvements will total approximately \$30 million over the four years following the reissuance of the NSPS and EG by EPA. OWTE believes that most costs incurred to meet EG and operating permit requirements at facilities it operates may be recovered from Client Communities and other users of its facilities through increased service fees permitted under applicable contracts. Such increased service fees will be paid for either out of their general revenues or by increasing fees charged to facility users by the Client Community. Because of the reluctance or inability of some municipalities to increase taxes, or tipping fees if the market may not bear the increase without some loss of waste deliveries, Client Communities may seek to have OWTE subsidize the cost, or modify its contractual relationship.

Domestic drinking water facilities developed in the future by OYWC will be subject to regulation of water quality by the EPA under the Federal Safe Drinking Water Act and by similar state laws. Domestic wastewater facilities are subject to regulation under the Federal Clean Water Act and by similar state laws. These laws provide for the establishment of uniform minimum national water quality standards, as well as governmental authority to specify the type of treatment processes to be used for public drinking water. Under the Federal Clean Water Act, OYWC may be required to obtain and comply with National Pollutant Discharge Elimination System permits for discharges from its treatment stations. Generally, under its current contracts, the client community is responsible for fines and penalties resulting from the delivery to OYWC's treatment facilities of water not meeting standards set forth in those contracts.

The Environmental Remediation Laws prohibit disposal of hazardous waste other than in small, household-generated quantities at OWTE's municipal solid waste facilities. The Service Agreements recognize the potential for improper deliveries of hazardous wastes and specify procedures for dealing with hazardous waste that is delivered to a facility. Although certain Service Agreements require the Operating Subsidiary to be responsible for some costs related to hazardous waste deliveries, to date, no Operating Subsidiary has incurred material hazardous waste disposal costs.

(b) **International.** Among the Energy Group's objectives is providing energy generating and other infrastructure through environmentally protective project designs, regardless of the location of a particular project. This approach is consistent with the increasingly stringent environmental requirements of multilateral financing institutions, such as the World Bank, and also with the Energy Group's experience in domestic waste-to-energy projects, where environmentally protective facility design and performance has been required. The laws of other countries also may require regulation of emissions into the environment, and provide governmental entities with the authority to impose sanctions for violations, although these requirements are generally not as rigorous as those applicable in the United States. Compliance with environmental standards comparable to those of the United States may be conditions to the provision of credit by multilateral banking agencies as well as other lenders or credit providers. As with domestic project development, there can be no assurance that all required permits will be issued, and the process can often cause lengthy delays.

## ENERGY AND WATER REGULATIONS

OWTE and OEI's domestic businesses are subject to the provisions of federal, state and local energy laws applicable to their development, ownership and operation of their domestic facilities, and to similar laws applicable to their foreign operations. Federal laws and regulations govern transactions with utilities, the types of fuel used and the power plant ownership. State regulatory regimes govern rate approval and other terms under which utilities purchase electricity from independent producers, except to the extent such regulation is pre-empted by federal law.

Pursuant to Federal Public Utility Regulatory Policies Act ("PURPA"), the Federal Energy Regulatory Commission ("FERC") has promulgated regulations that exempt qualifying facilities (facilities meeting certain size, fuel and ownership requirements) from compliance with certain provisions of the Federal Power Act ("FPA"), the Public Utility Holding Company Act of 1935 ("PUHCA"), and, except under certain limited circumstances, state laws regulating the rates charged by, or the financial and organizational activities of, electric utilities. PURPA was enacted in 1978 to encourage the development of cogeneration facilities and small facilities making use of non-fossil fuel power sources, including waste-to-energy facilities. The exemptions afforded by PURPA to qualifying facilities from the FPA and PUHCA and most aspects of state electric utility regulation are of great importance to the Energy Group and its competitors in the waste-to-energy and independent power industries.

State public utility commissions must approve the rates, and in some instances other contract terms, by which public utilities purchase electric power from the Group's projects. PURPA requires that electric utilities purchase electric energy produced by qualifying facilities at negotiated rates or at a price equal to the incremental or "avoided" cost that would have been incurred by the utility if it were to generate the power itself or purchase it from another source. PURPA does not require public utilities to enter into long-term contracts.

In 1995, the FERC issued two orders in which it modified its previous interpretation of PURPA and held that state laws and regulatory orders directing utilities to purchase electricity from qualifying facilities at rates in excess of the utility's projected avoided costs were pre-empted by PURPA and that contracts providing for such above-avoided cost rates were void. The FERC stated in both orders that it intends to apply its reinterpretation of PURPA only on a prospective basis and that it generally will not entertain requests by utilities to invalidate power sales agreements entered into pursuant to such state laws and regulatory orders. The Energy Group does not believe any of the power sales agreements related to its OWTE and OEI facilities is subject to challenge based on the prospective nature of the orders. However, certain utilities have challenged the legality of FERC's determination not to apply its new policy on pre-emption to existing contracts. These appeals are currently pending before the Circuit Court of Appeals for the District of Columbia.

Under PUHCA, any entity owning or controlling ten percent or more of the voting securities of a "public utility company" or company which is a "holding company" of a public utility company is subject to registration with the Securities and Exchange Commission (the "SEC") and regulation by the SEC unless exempt from registration. Under PURPA, most

projects that satisfy the definition of a "qualifying facility" are exempt from regulation under PUHCA. Under the Energy Policy Act of 1992, projects that are not qualifying facilities under PURPA but satisfy the definition of an "exempt wholesale generator" ("EWG") are not public utility companies under PUHCA. Finally, projects that satisfy the definition of "foreign utility companies" are exempt from regulation under PUHCA. The Energy Group believes that all of its projects involved in the generation, transmission and/or distribution of electricity, both domestically and internationally, will qualify for an exemption from PUHCA and that it will not be required to register with the SEC.

In the past there has been consideration in the U.S. Congress of legislation to repeal PURPA entirely, or at least to repeal the obligation of utilities to purchase power from Qfs. It is likely that similar legislation will be introduced in the current Congress. There is strong support for grandfathering existing QF contracts if such legislation is passed, and also support for requiring utilities to conduct competitive bidding for new electric generation if the PURPA purchase obligation is eliminated. Various bills have also proposed repeal of PUHCA. Repeal of PUHCA would allow both independents and vertically integrated utilities to acquire retail utilities in the United States that are geographically widespread, as opposed to the current limitations of PUHCA which require that retail electric systems be capable of physical integration. Also, registered holding companies would be free to acquire non-utility businesses, which they may not do now, with certain limited exceptions. With the repeal of PURPA or PUHCA, competition for independent power generators from vertically integrated utilities would likely increase.

In addition, the FERC, many state PUCs and Congress are currently studying a number of proposals to restructure the electric utility industry in the United States to permit utility customers to choose their utility supplier in a competitive electric energy market. The FERC has issued a rulemaking decision to require utilities to offer wholesale customers and suppliers open access on their transmission lines on a comparable basis to the utilities' own use of the line. All public utilities have already filed "open access" tariffs to implement this requirement. The utilities contend that they should recover from departing customers their fixed costs that will be "stranded" by the ability of their wholesale customers (and perhaps eventually, their retail customers) to choose new electric power suppliers. These include the costs utilities are required to pay under many QF contracts which the utilities view as excessive when compared with current market prices. Many utilities are therefore seeking ways to lower these contract prices, or rescind or buy out these contracts altogether, out of concern that their shareholders will be required to bear all or part of such "stranded" costs. Regulatory agencies to date have recognized the continuing validity of approved power purchase agreements. Future U.S. electric rates may be deregulated in a restructured U.S. electric utility industry and increased competition may result in lower rates and less profit for U.S. electricity sellers developing new projects. Falling electricity prices and uncertainty as to the future structure of the industry can be expected to inhibit United States utilities from entering into long-term power purchase contracts. On the other hand, deregulation could open up markets for the sale of electricity previously available only to regulated utilities. The effect of any such restructuring on the Energy Group cannot be predicted, although Ogden does not believe that any such restructuring will have a material adverse effect on its consolidated financial position.

The Energy Group presently has, and intends to continue to acquire, ownership and operating interests in projects outside the United States. Most countries have expansive systems for the regulation of the power business. These generally include provisions relating to ownership, licensing, rate setting and financing of generating and transmission facilities.

OYWC's business may be subject to the provisions of state, local and, in the case of foreign operations, national utility laws applicable to the development, ownership and operation of water supply and wastewater facilities. Whether such laws apply depends upon the local regulatory scheme as well as the manner in which OYWC provides its services. Where such regulations apply, they may relate to rates charged, services provided, accounting procedures, acquisitions and other matters. In the United States, rate regulations have typically been structured to provide a predetermined return on the regulated entities investments. In other jurisdictions, the trend is towards periodic price reviews comparing rates to anticipated capital and operating revenues. The regulated entity benefits from efficiencies achieved during the period for which the rate is set.

## **FLOW CONTROL**

Many states provide for local and regional solid waste planning and require that new solid waste facilities may be constructed only in conformity with these plans. Certain of these laws, sometimes referred to as legal flow control, authorize state agencies to require delivery of waste generated within their jurisdiction to designated facilities. In 1994, the United States Supreme Court held that such laws were constitutionally invalid. Federal legislation proposed to authorize flow control has not been adopted to date.

The rates OWTE charges its Client Communities are generally competitive with other disposal options. Some Client Communities have experienced erosion of waste deliveries, but overall 1996 deliveries to OWTE facilities exceeded 1995 levels. Under most Service Agreements, the Client Community bears the economic impact of waste delivery shortfalls. Client Communities are now evaluating options to attract additional waste to facilities. Certain of these options have been tested in the federal courts and sustained.

Although it is likely that the Supreme Court's decision has adversely affected the market for new waste-to-energy facilities, other factors are believed by Ogden to be more significant for low projected market activity. See Other Information: **MARKETS, COMPETITION, AND GENERAL BUSINESS CONDITIONS.**

## **ASH RESIDUE**

In 1994, the United States Supreme Court held that municipal solid waste ash residue demonstrated by testing to possess hazardous characteristics is subject to RCRA's provisions for management as a hazardous waste relating to transportation, disposal and treatment downstream of the point of generation. The Supreme Court's ruling has not had a significant impact on OWTE's business.

**Item 2.        PROPERTIES****(a) Services**

Ogden's executive offices are located at Two Pennsylvania Plaza, New York, New York 10121, pursuant to a lease that expires on April 30, 2008, subject to an option by Ogden to renew the lease for an additional five years.

The principal physical properties of Ogden are the fueling installations operated by the Aviation group located at various airports in the United States and Canada and the corporate premises of Ogden located at Two Pennsylvania Plaza, New York, New York 10121 under lease, which expires on April 30, 2008 and which contains an option by Ogden to renew for an additional five years.

Atlantic Design Company's corporate offices are located in Charlotte, North Carolina. Atlantic Design owns a 51,000 square foot operating facility on 3.5 acres of land in Vestal, New York. Atlantic Design also leases operating facilities at various locations in Florida, New Jersey and New York. The leases range from a term of one year to as long as ten years.

The Entertainment and Aviation groups own and lease buildings in various areas in the United States and several foreign countries which house office and warehousing operations. The leases range from a month-to-month term to as long as five years. Ogden Services Corporation also owns a 12,000 square-foot warehouse and office facility located in Long Island City, New York.

The Aviation group's in-flight food service operation facilities, aggregating approximately 600,000 square feet, are leased, except at Newark which is owned.

Entertainment operates Fairmount Park racetrack pursuant to a long-term lease which expires in 2017. Fairmount Park conducts thoroughbred and harness racing on a 150-acre site located in Collinsville, Illinois, eight miles from downtown St. Louis. Entertainment also owns a 148-acre site located at East St. Louis, Illinois.

Entertainment also owns and operates Grizzly Park, a nature-based entertainment facility located on approximately 25-acres near Yellowstone National Park in West Yellowstone, Montana. Pursuant to a lease agreement with the State of Florida, which expires in 2008, Entertainment also has a leasehold interest in Silver Springs, a 250-acre nature-based park, and Wild Waters, a 6-acre park featuring a variety of water slides and events. Both parks are located near Ocala, Florida.

**(b) Energy**

The principal executive offices of Ogden Energy Group, Inc. are located in Fairfield, New Jersey, in an office building located on a 5.4-acre site owned by OPI. It also leases approximately 47,000 square feet of office space in Fairfax, Virginia.

The following table summarizes certain information relating to the locations of the properties owned or leased by OPI or its subsidiaries as of January 31, 1997(1).

<u>Location</u>	<u>Approximate Site Size in Acres</u>	<u>Site Use</u>	<u>Nature of Interest</u>
Fairfield, New Jersey	5.4	Office space	Own
Marion County, Oregon	15.2	Waste-to-energy facility	Own (2)
Alexandria/Arlington, Virginia	3.3	Waste-to-energy facility	Acquiring the Alexandria Authority's and the Arlington Authority's interest under Site lease (expires Oct. 1, 2025) pursuant to Conditional Sale Agreement
Bristol, Connecticut	18.2	Waste-to-energy facility	Own (2)
Bristol, Connecticut	35.0	Landfill	Site lease (expires Jul. 1, 2014)
Indianapolis, Indiana	23.5	Waste-to-energy facility	Site lease (expires Dec., 2008 subject to four 5- year renewal options) (2)
Stanislaus County, California	16.5	Waste-to-energy facility	Site lease (expires Aug. 20, 2021 subject to 15- year renewal option) (2)
Babylon, New York	9.5	Waste-to-energy facility	Site lease (expires Dec. 19, 2010, with renewal options)
Haverhill, Massachusetts	12.7	Waste-to-energy facility	Site lease (expires Mar. 16, 1997, subject to sixteen 5-year renewal options) (2)
Haverhill, Massachusetts	16.8	RDF processing facility	Site lease (expires Mar. 16, 1997, subject to sixteen 5-year renewal options) (2)
Haverhill, Massachusetts	20.2	Landfill	Site lease (expires Mar. 16, 1997, subject to sixteen 5-year renewal options) (2)
Lawrence, Massachusetts	11.8	RDF power plant	Own (2)
Lake County, Florida	15.0	Waste-to-energy facility	Own (2)
Wallingford, Connecticut	10.3	Waste-to-energy facility	Site lease (expires Dec. 1, 2026) (2)
Fairfax County, Virginia	22.9	Waste-to-energy facility	Acquiring Fairfax Authority's interest under Site Lease (expires Mar. 10, 2016) pursuant to Conditional Sale Agreement
Imperial County, California	83.0	Undeveloped land	Own
Montgomery County, Maryland	35.0	Waste-to-energy facility	Site lease (expires Nov. 16, 2030) (2)



<u>Location</u>	<u>Approximate Site Size in Acres</u>	<u>Site Use</u>	<u>Nature of Interest</u>
Huntington, New York	13.0	Waste-to-energy facility	Site lease (expires Oct. 28, 2012, subject to successive renewal terms through Jan. 28, 2029)(2)
Warren County, New Jersey	19.8	Waste-to-energy facility	Site lease (expires Nov. 16, 2005 subject to two ten-year renewals)(2)
Hennepin County, Minnesota	14.6	Waste-to-energy facility	Leases of site and facility (expires Oct. 1, 2017 subject to renewal options to December 20, 2024)(2)(3)
Stockton, California	4.5	Contaminated soil remediation facility (discontinued)	Site lease (expired remediation February 1, 1994)
Tulsa, Oklahoma	22.0	Waste-to-energy facility	Leases of site and facility (expires April 30, 2012 subject to renewal options to August 2, 2026)(2)(3)
Onondaga County, New York	12.0	Facility site	Site lease expires contemporaneously with service agreement, subject to renewal options to May 9, 2020(2)
New Martinsville, West Virginia	N/A	Hydroelectric Power Generating Facility	(See description under "Energy Group Independent Power")
Heber, California	N/A	Geothermal Power Plant	(See description under "Energy Group Independent Power")
Heber, California	N/A	Geothermal Power Plant	(See description under "Energy Group Independent Power")
Bataan, Philippines	3,049.32 sq. meters	Diesel Power Plant	Site Lease

- 
- (1) Two Facilities not listed in the table were initially owned by political subdivisions and were sold to a leveraged lessor. The leverage lessor entered into lease agreements with the respective Operating subsidiaries as accommodation leases. All of the lease obligations, including the obligation to pay rent, are passed through to the client communities.
- (2) The Operating Subsidiary's ownership or leasehold interest is subject to material liens in connection with the financing of the related project.
- (3) Sublease of site expires contemporaneously with facility lease.

**Item 3.      LEGAL PROCEEDINGS AND ENVIRONMENTAL MATTERS****(a)            Legal Proceedings**

Ogden Corporation and its subsidiaries (the "Company") are parties to various legal proceedings involving matters arising in the ordinary course of business. The Company does not believe that there are any pending legal proceedings for damages against the Company the outcome of which would have a material adverse effect on the Company's consolidated financial statements.

**(b)            Environmental Matters**

The Company conducts regular inquiries of its subsidiaries regarding litigation and environmental violations which include determining the nature, amount and likelihood of liability for any such claims, potential claims or threatened litigation.

In the ordinary course of its business, the Company may become involved in Federal, state, and local proceedings relating to the laws regulating the discharge of materials into the environment and the protection of the environment. These include proceedings for the issuance, amendment, or renewal of the licenses and permits pursuant to which a Company subsidiary operates. Such proceedings also include actions brought by individuals or local governmental authorities seeking to overrule governmental decisions on matters relating to the subsidiaries' operations in which the subsidiary may be, but is not necessarily, a party. Most proceedings brought against the Company by governmental authorities or private parties under these laws relate to alleged technical violations of regulations, licenses, or permits pursuant to which a subsidiary operates. The Company believes that such proceedings will not have a material adverse effect on the Company's consolidated financial statements.

The Company's operations are subject to various Federal, state and local environmental laws and regulations, including the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA). Although the Company operations are occasionally subject to proceedings and orders pertaining to emissions into the environment and other environmental violations, the Company believes that it is in substantial compliance with existing environmental laws and regulations.

In connection with certain previously divested operations, the Company may be identified, along with other entities, as being among potentially responsible parties responsible for contribution for costs associated with the correction and remediation of environmental conditions at various hazardous waste disposal sites subject to CERCLA. In certain instances the Company may be exposed to joint and several liability for remedial action or damages. The Company's ultimate liability in connection with such environmental claims will depend on many factors, including its volumetric share of waste, the total cost of remediation, the financial viability of

other companies that also sent waste to a given site and its contractual arrangement with the purchaser of such operations.

The potential costs related to such matters and the possible impact on future operations are uncertain due in part to the complexity of government laws and regulations and their interpretations, the varying costs and effectiveness of cleanup technologies, the uncertain level of insurance or other types of recovery, and the questionable level of the Company's responsibility. Although the ultimate outcome and expense of environmental remediation is uncertain, the Company believes that currently required remediation and continuing compliance with environmental laws will not have a material adverse effect on the Company's consolidated financial statements.

**Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matters were submitted to a vote of the security holders of Ogden during the fourth quarter of 1996.

**EXECUTIVE OFFICERS OF OGDEN**

Set forth below are the names, ages, position and office held and year appointed, of all "executive officers" (as defined by Rule 3b-7 of the Securities Exchange Act of 1934) of Ogden as of March 1, 1997:

<u>NAME</u>	<u>POSITION AND OFFICE HELD</u>	<u>AGE AS OF 3/1/97</u>	<u>CONTINUALLY AN OGDEN EXECUTIVE OFFICER SINCE</u>
R. Richard Ablon	Chairman of the Board, President & Chief Executive Officer	47	1987
Scott G. Mackin	Executive Vice President	40	1992
Bruce W. Stone	Executive Vice President for Waste- to-Energy Operations and Managing Director-Ogden Energy Group, Inc.	49	1997

<b>Philip G. Husby</b>	<b>Senior Vice President, Chief Financial Officer and Treasurer</b>	<b>50</b>	<b>1991</b>
<b>Lynde H. Coit</b>	<b>Senior Vice President and General Counsel</b>	<b>42</b>	<b>1991</b>
<b>Rodrigo Arboleda</b>	<b>Senior Vice President - Business Development, Latin America</b>	<b>56</b>	<b>1995</b>
<b>David L. Hahn</b>	<b>Senior Vice President, Business Development, East Asia</b>	<b>45</b>	<b>1995</b>
<b>Quintin G. Marshall</b>	<b>Senior Vice President, Corporate Development</b>	<b>35</b>	<b>1995</b>
<b>Gary D. Perusse</b>	<b>Senior Vice President - Risk Management</b>	<b>48</b>	<b>1996</b>
<b>Robert M. DiGia</b>	<b>Vice President, Controller and Chief Accounting Officer</b>	<b>72</b>	<b>1965</b>
<b>Kathleen Ritch</b>	<b>Vice President and Secretary</b>	<b>54</b>	<b>1981</b>

There is no family relationship by blood, marriage or adoption (not more remote than first cousins) between any of the above individuals and any Ogden director, except that R. Richard Ablon, an Ogden director and Chairman of the Board, President and Chief Executive Officer, is the son of Ralph E. Ablon, an Ogden director.

The term of office of all officers shall be until the next election of directors and until their respective successors are chosen and qualified.

There are no arrangements or understandings between any of the above officers and any other person pursuant to which any of the above was selected as an officer.

The following briefly describes the business experience, the principal occupation and employment of the foregoing Executive Officers during the past five years:

R. Richard Ablon has been President and Chief Executive Officer of Ogden since May 1990 and Chairman of the Board since May, 1996.

Scott G. Mackin has been considered an Executive Officer of Ogden since 1992 and was elected Executive Vice President of Ogden in 1997. He has been President and Chief Operating Officer of Ogden Projects, Inc., now the Energy Group since January 1991.

Bruce W. Stone was designated an Executive Officer of Ogden in 1997. Mr. Stone served as Co-President and Chief Operating Officer of Ogden Projects, Inc. and the Energy Group between October 5, 1990 and January 29, 1991 and currently serves as Executive Vice President and Managing Director of Ogden Projects, Inc. and the Energy Group, a position he has held since January 29, 1991.

Philip G. Husby has been Senior Vice President and Chief Financial Officer of Ogden since January 1, 1991 and Treasurer since January 19, 1995.

Lynde H. Coit has been a Senior Vice President and General Counsel of Ogden since January 17, 1991.

Rodrigo Arboleda was elected Senior Vice President of Ogden in January 1995. Since 1992, he has served as Senior Vice President-Business Development for Latin America of Ogden Services Corporation.

David L. Hahn was elected Senior Vice President of Ogden in January 1995. He previously served as Vice President-Marketing of Ogden Services Corporation for more than the past five years.

Quintin G. Marshall was elected Senior Vice President - Corporate Development of Ogden on January 16, 1997. Prior thereto, he served as Ogden's Vice President - Investor Relations since October 1995. From May 1993 to October 1995 he served as Managing Director of CDA Investment Technologies, a division of Thomson Financial. From July 1992 to May 1993 he served as Senior Vice President at Gavin Andersen & Company, an investor relations consulting firm. From September 1986 to March 1992 he served first as Managing Director and then Co-Chief Operation Officer of Georgeson & Company, a proxy solicitation and consulting company.

Gary D. Perusse was elected Senior Vice President - Risk Management in September, 1996. Prior thereto he had served as Director - Risk Management of Ogden for more than the past five years.

Robert M. DiGia has been Vice President, Controller and Chief Accounting Officer of Ogden for more than the past five years.

Kathleen Ritch has been Vice President and Secretary of Ogden for more than the past five years.

## **PART II**

### **Item 5. MARKET FOR OGDEN'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

Pursuant to General Instruction G (2), the information called for by this item is hereby incorporated by reference from Page 43 of Ogden's 1996 Annual Report to Shareholders.

As of March 1, 1997, the approximate number of record holders of Ogden common stock was 8,500.

### **Item 6. SELECTED FINANCIAL DATA**

Pursuant to General Instruction G (2), the information called for by this item is hereby incorporated by reference from Page 20 of Ogden's 1996 Annual Report to Shareholders.

### **Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Pursuant to General Instruction G (2), the information called for by this item is hereby incorporated by reference from Pages 16 through 19 of Ogden's 1996 Annual Report to Shareholders.

### **Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Pursuant to General Instruction G (2), the information called for by this item is hereby incorporated by reference from Pages 20 through 40 and Page 43 of Ogden's 1996 Annual Report to Shareholders.

### **Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not Applicable.

### **PART III**

#### **Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF OGDEN**

Pursuant to General Instruction G (3), the information regarding directors called for by this item is hereby incorporated by reference from Ogden's 1997 Proxy Statement to be filed with the Securities and Exchange Commission. The information regarding officers called for by this item is included at the end of Part I of this document under the heading "Executive Officers of Ogden."

#### **Item 11. EXECUTIVE COMPENSATION**

Pursuant to General Instruction G (3), the information called for by this item is hereby incorporated by reference from Ogden's 1997 Proxy Statement to be filed with the Securities and Exchange Commission.

#### **Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Pursuant to General Instruction G (3), the information called for by this item is hereby incorporated by reference from Ogden's 1997 Proxy Statement to be filed with the Securities and Exchange Commission.

#### **Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Pursuant to General Instruction G (3), the information called for by this item is hereby incorporated by reference from Ogden's 1997 Proxy statement to be filed with the Securities and Exchange Commission.

### **Part IV**

#### **Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

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(a) Listed below are the documents filed as a part of this report:

- 1). All financial statements contained on pages 21 through 40 and the Independent Auditors' Report on page 41 of Ogden's 1996 Annual Report to Shareholders are incorporated herein by reference.
- 2). Financial statement schedules as follows:

- (i) Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 1996, 1995 and 1994.

- 3). Those exhibits required to be filed by Item 601 of Regulation S-K:

### **EXHIBITS**

#### **2.0 Plans of Acquisition, Reorganization, Arrangement, Liquidation or Succession.**

- 2.1 Agreement and Plan of Merger, dated as of October 31, 1989, among Ogden, ERCI Acquisition Corporation and ERC International, Inc.\*
- 2.2 Agreement and Plan of Merger among Ogden Corporation, ERC International, Inc., ERC Acquisition Corporation and ERC Environmental and Energy Services Co., Inc., dated as of January 17, 1991.\*
- 2.3 Amended and Restated Agreement and Plan of Merger among Ogden Corporation, OPI Acquisition Corp. and Ogden Projects, Inc., dated as of September 27, 1994.\*

#### **3.0 Articles of Incorporation and By-laws.**

- 3.1 Ogden's Restated Certificate of Incorporation as amended.\*
- 3.2 Ogden's By-Laws, as amended.\*

#### **4.0 Instruments Defining Rights of Security Holders.**

- 4.1 Fiscal Agency Agreement between Ogden and Bankers Trust Company, dated as of June 1, 1987, and Offering Memorandum dated June 12, 1987, relating to U.S. \$85 million Ogden 6% Convertible Subordinated Debentures, Due 2002.\*
- 4.2 Fiscal Agency Agreement between Ogden and Bankers Trust Company, dated as of October 15, 1987, and Offering Memorandum, dated October 15, 1987, relating to U.S. \$75 million Ogden 5-3/4% Convertible Subordinated Debentures, Due 2002.\*
- 4.3 Indenture dated as of March 1, 1992 from Ogden Corporation to The Bank of New York, Trustee, relating to Ogden's \$100 million debt offering.\*



## 10.0 Material Contracts

- 10.1 Credit Agreement by and among Ogden, The Bank of New York, as Agent and the signatory bank Lenders thereto dated as of September 20, 1993.\*
  - (i) Amendment to Credit Agreement, dated as of November 16, 1995.\*
- 10.2 Stock Purchase Agreement, dated May 31, 1988, between Ogden and Ogden Projects, Inc.\*
- 10.3 Tax Sharing Agreement, dated January 1, 1989, between Ogden, Ogden Projects, Inc. and subsidiaries, Ogden Allied Services, Inc. an subsidiaries, and Ogden Financial Services, Inc. and subsidiaries.\*
- 10.4 Stock Purchase Option Agreement, dated June 14, 1989, between Ogden and Ogden Projects, Inc. as amended on November 16, 1989.\*
- 10.5 Preferred Stock Purchase Agreement, dated July 7, 1989, between Ogden Financial Services, Inc. and Image Data Corporation.\*
- 10.6 Rights Agreement between Ogden Corporation and Manufacturers Hanover Trust Company, dated as of September 20, 1990 and amended August 15, 1995 to provide The Bank of New York as successor agent.\*
- 10.7 Executive Compensation Plans
  - (a) Ogden Corporation 1986 Stock Option Plan.\*
  - (b) Ogden Corporation 1990 Stock Option Plan.\*
    - (i) Ogden Corporation 1990 Stock Option Plan as Amended and Restated as of January 19, 1994.\*
  - (c) Ogden Services Corporation Executive Pension Plan.\*
  - (d) Ogden Services Corporation Select Savings Plan.\*
    - (i) Ogden Services Corporation Select Savings Plan Amendment and Restatement as of January 1, 1995.\*
  - (e) Ogden Services Corporation Select Savings Plan Trust.\*

- (i) Ogden Services Corporation Select Savings Plan Trust Amendment and Restatement dated as of January 1, 1995.\*
- (f) Ogden Services Corporation Executive Pension Plan Trust.\*
- (g) Changes effected to the Ogden Profit Sharing Plan effective January 1, 1990.\*
- (h) Ogden Corporation Profit Sharing Plan.\*
  - (i) Ogden Profit Sharing Plan as amended and restated January 1, 1991 and as in effect through January 1, 1993.\*
  - (ii) Ogden Profit Sharing Plan as amended and restated effective as of January 1, 1995.\*
- (i) Ogden Corporation Core Executive Benefit Program.\*
- (j) Ogden Projects Pension Plan.\*
- (k) Ogden Projects Profit Sharing Plan.\*
- (l) Ogden Projects Supplemental Pension and Profit Sharing Plans.\*
- (m) Ogden Projects Employee's Stock Option Plan.\*
  - (i) Amendment, dated as of December 29, 1994 to the Ogden Projects Employees' Stock Option Plan. Transmitted herewith as Exhibit 10.7 (u)(i).\*
- (n) Ogden Projects Core Executive Benefit Program.\*
- (o) Form of amendments to the Ogden Projects, Inc. Pension Plan and Profit Sharing Plans effective as of January 1, 1994.\*
  - (i) Form of Amended Ogden Projects, Inc. Profit Sharing Plan, effective as of January 1, 1994. Transmitted herewith as Exhibit 10.7 (w)(i).\*
  - (ii) Form of Amended Ogden Projects, Inc. Pension Plan, effective as of January 1, 1994. Transmitted herewith as Exhibit 10.7 (w)(ii).\*
- (p) Ogden Corporation CEO Formula Bonus Plan.\*

**10.8 Employment Agreements**

- (a) Employment Letter Agreement between Ogden and Lynde H. Coit dated January 30, 1990.\*
- (b) Employment Agreement between Ogden and R. Richard Ablon dated as of May 24, 1990.\*
  - (i) Letter Amendment Employment Agreement between Ogden and R. Richard Ablon dated as of October 11, 1990.\*
- (c) Employment Agreement between Ogden and C. G. Caras dated as of July 2, 1990.\*
  - (i) Letter Amendment to Employment Agreement between Ogden Corporation and C.G. Caras, dated as of October 11, 1990.\*
  - (ii) Termination Agreement between C.G. Caras and Ogden dated April 30, 1996. Transmitted herewith as Exhibit 10.8(c)(ii).
- (d) Employment Agreement between Ogden and Philip G. Husby as of July 2, 1990.\*
- (e) Termination Letter Agreement between Maria P. Monet and Ogden dated as of October 22, 1990.\*
- (f) Letter Agreement between Ogden Corporation and Ogden's Chairman of the Board, dated as of January 16, 1992.\*
- (g) Employment Agreement between Ogden and Ogden's Chief Accounting Officer dated as of December 18, 1991.\*
- (h) Employment Agreement between Scott G. Mackin and Ogden Projects, Inc. dated as of January 1, 1994.\*
  - (i) Letter Amendment to Employment Agreement between Ogden Projects, Inc. and Scott G. Mackin, dated December 20, 1996. Transmitted herewith as Exhibit 10.8(h)(i).
- (i) Employment Agreement between David L. Hahn and Ogden Corporation, dated December 1, 1995.\*

- (j) Employment Agreement between Ogden Services Corporation and Rodrigo Arboleda dated January 1, 1997. Transmitted herewith as Exhibit 10.8(j).
- (k) Employment Agreement between Ogden Projects, Inc. and Bruce W. Stone dated June 1, 1990. Transmitted herewith as Exhibit 10.8(k).
- (l) Employment Agreement between Ogden Corporation and Quintin G. Marshall, dated October 30, 1996. Transmitted herewith as Exhibit 10.8(l).
- 10.9 First Amended and Restated Ogden Corporation Guaranty Agreement made as of January 30, 1992 by Ogden Corporation for the benefit of Mission Funding Zeta and Pitney Bowes Credit Corporation.\*
- 10.10 Ogden Corporation Guaranty Agreement as of January 30, 1992 by Ogden Corporation for the benefit of Allstate Insurance Company and Ogden Martin Systems of Huntington Resource Recovery Nine Corporation.\*
- 11 Ogden Corporation and Subsidiaries Detail of Computation of Earnings Applicable to Common Stock for the years ended December 31, 1996, 1995 and 1994. Transmitted herewith as Exhibit 11.
- 13 Those portions of the Annual Report to Stockholders for the year ended December 31, 1996, which are incorporated herein by reference. Transmitted herewith as Exhibit 13.
- 21 Subsidiaries of Ogden. Transmitted herewith as Exhibit 21.
- 23 Consent of Deloitte & Touche LLP. Transmitted herewith as Exhibit 23.
- 27 Financial Data Schedule (EDGAR Filing Only).
- \* Incorporated by reference as set forth in the Exhibit Index of this Annual Report on Form 10-K.
- (b) No Reports on Form 8-K were filed by Ogden during the fourth quarter of 1996.

## **SIGNATURES**

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **OGDEN CORPORATION**

**Date: March 13, 1997**

By /S/ R. Richard Ablon  
R. Richard Ablon  
Chairman of the Board,  
President and Chief  
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

<b><u>SIGNATURE</u></b>	<b><u>TITLE</u></b>
<u>/S/ R. Richard Ablon</u> R. RICHARD ABLON	Chairman of the Board, President and Chief Executive Officer and Director
<u>/S/ Ralph E. Ablon</u> RALPH E. ABLON	Director
<u>/S/ Philip G. Husby</u> PHILIP G. HUSBY	Senior Vice President, Treasurer and Chief Financial Officer
<u>/S/ Robert M. DiGia</u> ROBERT M. DIGIA	Vice President, Controller and Chief Accounting Officer
<u>/S/ David M. Abshire</u> DAVID M. ABSHIRE	Director
<u>/S/ Norman G. Einspruch</u> NORMAN G. EINSPRUCH	Director



## **INDEPENDENT AUDITORS' REPORT**

**The Board of Directors and Shareholders of  
Ogden Corporation:**

We have audited the consolidated financial statements of Ogden Corporation and subsidiaries as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, and have issued our report thereon dated February 10, 1997, which report includes an explanatory paragraph relating to the adoption of Statements of Financial Accounting Standards Nos. 112 and 121; such consolidated financial statements and report are included in your 1996 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Ogden Corporation and subsidiaries, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

**Deloitte & Touche LLP  
New York, New York  
February 10, 1997**

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OGDEN CORPORATION AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 1996

COLUMN A	COLUMN B	COLUMN C ADDITIONS		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Allowances deducted in the balance sheet from the assets to which they apply:					
Doubtful receivables - current	\$37,039,000	\$10,442,000	\$370,000 (A)	\$ 9,576,000 (B)	\$38,275,000
Doubtful receivables-noncurrent		6,000,000			6,000,000
Deferred charges on projects	3,670,000	4,968,000			8,638,000
TOTAL	\$40,709,000	\$21,410,000	\$370,000	\$ 9,576,000	\$52,913,000
Allowances not deducted:					
Estimated cost of disposal of discontinued operations	\$ 186,000			\$ 186,000 (C)	
Estimated cost of disposal of assets	14,993,000			14,130,000 (C)	\$ 863,000
Provision for restructuring	6,110,000	\$ 682,000		4,285,000 (C)	2,507,000
Reserves relating to tax indemnification and other contingencies in connection with the sale of limited partnership interests in and related tax benefits of a waste-to-energy facility.	3,000,000				3,000,000
Other	9,371,000	3,743,000		6,221,000 (D)	6,893,000
TOTAL	\$11,660,000	\$ 4,425,000		\$24,822,000	\$13,263,000

Notes:

- (A) Recoveries of amounts previously written off.  
 (B) Write-offs of receivables considered uncollectible.  
 (C) Payments charged to allowances.  
 (D) Reversal to operating costs of provisions no longer required.



**OGDEN CORPORATION AND SUBSIDIARIES**  
**VALUATION AND QUALIFYING ACCOUNTS**

**FOR THE YEAR ENDED DECEMBER 31, 1995**

COLUMN A  DESCRIPTION	COLUMN B  BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS		COLUMN D  DEDUCTIONS	COLUMN E  BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS		
Allowances deducted in the balance sheet from the assets to which they apply:					
Doubtful receivables - current	\$32,783,000	\$ 7,204,000	\$ 64,000 (A)	\$ 3,012,000 (B)	\$37,039,000
Deferred charges on projects	7,000,000	3,670,000		7,000,000 (C)	3,670,000
TOTAL	\$39,783,000	\$10,874,000	\$ 64,000	\$10,012,000	\$40,709,000
Allowances not deducted:					
Provision for consolidation of facilities	\$ 3,400,000			\$ 2,850,000 (D) 550,000 (E)	
Estimated cost of disposal of discontinued operations	945,000	\$ 4,510,000		5,269,000 (E)	\$ 186,000
Estimated cost of disposal of assets		14,993,000			14,993,000
Provision for restructuring		8,200,000		2,090,000 (E)	6,110,000
Reserves relating to tax indemnification and other contingencies in connection with the sale of limited partnership interests in and related tax benefits a of waste-to-energy facility	6,000,000			3,000,000 (D)	3,000,000
Other	3,604,000	7,267,000		1,500,000 (D)	9,371,000
TOTAL	\$13,949,000	\$34,970,000		\$15,259,000	\$33,660,000

**Notes:**

- (A) Recoveries of amounts previously written off.  
 (B) Write-offs of receivables considered uncollectible.  
 (C) Write-offs of unsuccessful development costs.  
 (D) Reversal to operating costs of provisions no longer required.  
 (E) Payments charged to allowances.

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OGDEN CORPORATION AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 1994

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Allowances deducted in the balance sheet from the assets to which they apply:					
Doubtful receivables - current	\$25,547,000	\$ 5,869,000	\$10,241,000 (A) 31,000 (B) 142,000 (C)	\$ 9,047,000 (D)	\$32,783,000
Deferred charges on projects	750,000	5,650,000	1,350,000 (B)	750,000 (E)	7,000,000
TOTAL	\$26,297,000	\$11,519,000	\$11,764,000	\$ 9,797,000	\$39,783,000
Allowances not deducted:					
Provision for consolidation of facilities	\$ 4,720,000			\$ 1,320,000 (G)	\$ 3,400,000
Estimated cost of disposal of discontinued operations	1,008,000		\$ 1,485,000 (F)	1,548,000 (G)	945,000
Reserves relating to tax indemnification and other contingencies in connection with the sale of limited partnership interests in and related tax benefits of a waste-to-energy facility		\$ 6,000,000			6,000,000
Other	1,477,000	3,500,000	(1,350,000) (B)	23,000 (G)	3,604,000
TOTAL	\$ 7,205,000	\$ 9,500,000	\$ 135,000	\$ 2,891,000	\$13,949,000

Notes:

- (A) Reserve for contract billing adjustments.  
 (B) Transfer from other accounts.  
 (C) Recoveries of amounts previously written off.  
 (D) Write-offs of receivables considered uncollectible.  
 (E) Write-offs of unsuccessful development costs.  
 (F) Net proceeds from operations and sale of assets relating to discontinued operations credited to provision.  
 (G) Payments charged to allowances.

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# Notes

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

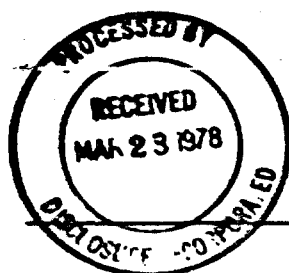
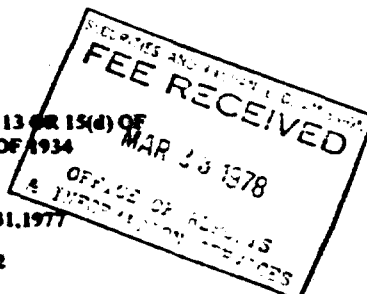
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FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 1977

Commission File Number 1-3122



OGDEN CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation  
or organization)

13-5549268

(I.R.S. Employer Identification No.)

277 Park Avenue, New York, New York

(Address of principal executive office)

10017

(Zip Code)

Registrant's telephone number including area code 212-754-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, par value  
\$0.01 per share

\$1.875 Cumulative Convertible  
Preferred Stock (Series A)

3% Convertible Debentures Due 1993

Securities registered pursuant to Section 12(g) of the Act:

Name of each exchange on  
which registered

New York Stock Exchange

New York Stock Exchange

New York Stock Exchange

None

The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

The number of shares of the Registrant's Common Stock outstanding as of December 31, 1977 is 8,789,588 shares.

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Item 1. Business

Set forth below are the major lines of Ogden's products and services by classes, the major companies in those lines, the approximate year in which the business of each such company commenced, and the year in which Ogden acquired the major portion of its interest in such company:

	<u>Approximate Year of Commencement</u>	<u>Year of Acquisition</u>
<u>OGDEN TRANSPORTATION</u>		
Marine Construction - Avondale Shipyards, Inc.	1938	1959
Shipping - Ogden Marine, Inc.	1946	1969
Marine Terminals - International Terminal Operating Co. Inc.	1921	1962
<u>OGDEN METALS</u>		
Luria Brothers & Company, Inc.	1889	1955
Algoma Contractors Limited	1937	1970
Ogden Steel Company	1977	1977
Wabash Alloys, Inc.	1953	1968
Ogden Alloys, Inc.	1921	1968
Ortner Freight Car Co.	1946	1969
Mayville Metal Products Co.	1947	1968
<u>OGDEN FOODS</u>		
Food and Leisure Services - Ogden Food Service Corporation	1925	1967
Ogden Leisure, Inc.	1955	1969
Ogden Security, Inc.	1972	1972
Food Products - Tillie Lewis Foods, Inc.	1935	1966
International Products Corporation	1916	1966

<u>OTHER ACTIVITIES</u>	<u>Approximate Year of Commencement</u>	<u>Year of Acquisition</u>
Shaker Savings Association	1921	1968
Aviation Power Supply, Inc.	1953	1969
Better Built Machinery Corp.	1942	1965

The foregoing grouping is that which Ogden presently considers appropriate in view of relevant factors, including the nature of the activities and management responsibilities therefor; historical corporate groupings; potential for future integration; the degree, similarity, and interrelation of risks involved; and the opportunity for future growth. No one factor or group of factors is necessarily determinative in any instance, and a change in groupings may be appropriate from time to time.

All of the foregoing companies are wholly owned by Ogden or its subsidiaries, except for Shaker Savings Association, in which Ogden owns approximately 95.58% interest. Ogden has entered into an agreement to sell its interest in Shaker, subject to certain regulatory approvals (see Item 1. Business - Other Activities).

Ogden's method of operation emphasizes centralized control in certain key management disciplines while permitting the operating units the maximum possible autonomy in operational matters.

While Ogden believes that the variety and diversification of its business reduce its vulnerability to adverse business conditions which may affect primarily certain industries, several areas of the business constitute significant portions of Ogden's net sales and service revenues and income before income taxes. Each area is subject to inherent vulnerabilities, and adverse conditions in the various areas may coincide for related or unrelated reasons.

Ogden's executive offices are located at 277 Park Avenue, New York, New York, where Ogden occupies most of the 16th floor pursuant to a lease which expires in 1989.

Set forth below are the sales and service revenues and income before federal and foreign income taxes by classes for the five years ended December 31, 1977. (expressed in thousands of dollars)

LINE OF BUSINESS	1977		1976		SALES
	AMOUNT	%	AMOUNT	%	AMOUNT
Transportation					
Marine Construction .....	\$ 426,774	26.8	\$ 359,057	23.1	\$ 366,909
Shipping .....	98,226	6.2	97,812	6.3	99,899
Marine Terminals .....	116,579	7.3	102,225	6.5	99,899
Total .....	<u>641,679</u>	<u>40.3</u>	<u>559,094</u>	<u>35.9</u>	<u>566,697</u>
Metals .....	<u>584,934</u>	<u>36.7</u>	<u>640,116</u>	<u>41.1</u>	<u>586,116</u>
Food and Leisure Services .....	<u>200,085</u>	<u>12.6</u>	<u>191,691</u>	<u>12.3</u>	<u>185,116</u>
Food Products .....	<u>138,328</u>	<u>8.7</u>	<u>142,250</u>	<u>9.1</u>	<u>145,116</u>
Other .....	<u>27,245</u>	<u>1.7</u>	<u>24,322</u>	<u>1.6</u>	<u>28,116</u>
CONSOLIDATED TOTAL	<u>\$1,592,271</u>	<u>100.0</u>	<u>\$1,557,473</u>	<u>100.0</u>	<u>\$1,491,116</u>

LINE OF BUSINESS	1977		1976		INCOME BEFORE FEDERAL INCOME TAXES
	AMOUNT	%	AMOUNT	%	AMOUNT
Transportation					
Marine Construction .....	\$ 45,794	57.6	\$ 33,569	43.2	\$ 22,116
Shipping .....	13,890	17.4	10,171	13.1	10,116
Marine Terminals .....	620	.8	1,140	1.5	1,116
Total .....	<u>60,304</u>	<u>75.8</u>	<u>44,880</u>	<u>57.8</u>	<u>33,348</u>
Metals .....	<u>15,088</u>	<u>19.0</u>	<u>31,321</u>	<u>40.3</u>	<u>35,116</u>
Food and Leisure Services .....	<u>3,810</u>	<u>4.8</u>	<u>5,725</u>	<u>7.4</u>	<u>5,116</u>
Food Products .....	<u>1,005</u>	<u>1.3</u>	<u>(3,961)</u>	<u>(5.1)</u>	<u>(6,116)</u>
Other .....	<u>2,662</u>	<u>3.3</u>	<u>1,539</u>	<u>2.0</u>	<u>1,116</u>
Unallocated income and expenses ...	<u>(3,364)</u>	<u>(4.2)</u>	<u>(1,828)</u>	<u>(2.4)</u>	<u>1,116</u>
CONSOLIDATED TOTAL .....	<u>\$ 79,505</u>	<u>100.0</u>	<u>\$ 77,676</u>	<u>100.0</u>	<u>\$ 67,116</u>



before federal and foreign income taxes of the major lines of Ogden's products and services  
(in thousands of dollars)

# SALES AND SERVICE REVENUES

1976		1975		1974		1973	
AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
359,057	23.1	\$ 366,402	24.6	\$ 267,865	14.4	\$ 240,628	18.9
97,812	6.3	90,471	6.1	85,692	4.6	57,928	4.5
102,225	6.5	89,232	6.0	98,398	5.3	98,525	7.7
<u>559,094</u>	<u>35.9</u>	<u>546,105</u>	<u>36.7</u>	<u>451,955</u>	<u>24.3</u>	<u>397,081</u>	<u>31.1</u>
640,116	41.1	586,042	39.3	1,037,523	55.8	527,746	41.4
191,691	12.3	185,349	12.4	184,666	9.9	184,933	14.5
142,250	9.1	145,093	9.7	156,979	8.5	126,953	9.9
24,322	1.6	28,675	1.9	26,996	1.5	38,992	3.1
<u>1,557,473</u>	<u>100.0</u>	<u>\$1,491,264</u>	<u>100.0</u>	<u>\$1,858,112</u>	<u>100.0</u>	<u>\$1,275,705</u>	<u>100.0</u>

# INCOME BEFORE FEDERAL AND FOREIGN INCOME TAXES

1976		1975		1974		1973	
AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
33,569	43.2	\$ 22,930	33.9	\$ 15,305	18.6	\$ 5,166	12.6
10,171	13.1	10,779	15.9	14,759	18.0	10,033	24.4
1,140	1.5	71	.1	2,734	3.3	760	1.8
<u>44,880</u>	<u>57.8</u>	<u>33,780</u>	<u>49.9</u>	<u>32,798</u>	<u>39.9</u>	<u>15,959</u>	<u>38.8</u>
31,321	40.3	35,162	52.0	58,914	71.7	22,032	53.6
5,725	7.4	5,106	7.6	(1,871)	(2.3)	5,900	14.3
(3,961)	(5.1)	(6,876)	(10.2)	9,140	11.1	8,295	20.2
1,539	2.0	(31)	-	(15,539)	(18.9)	(10,244)	(24.9)
(1,828)	(2.4)	506	.7	(1,220)	(1.5)	(849)	(2.0)
<u>77,676</u>	<u>100.0</u>	<u>\$ 67,647</u>	<u>100.0</u>	<u>\$ 82,222</u>	<u>100.0</u>	<u>\$ 41,093</u>	<u>100.0</u>

OGDEN TRANSPORTATION

Marine Construction -  
Avondale Shipyards, Inc.

Ogden Transportation's marine construction business is conducted by Avondale Shipyards, Inc., which is principally located in the New Orleans area, with one facility southwest of New Orleans. These facilities are equipped for the construction of various types of vessels, including naval vessels, cutters, tankers, merchant ships, and barges; the construction of offshore oil well drilling platforms and structures; and the performance of various repair operations and steel fabrication. Foundry casting and machining, and a wholesale steel sales operation are also conducted at these facilities. Avondale and its predecessors have been engaged in the marine construction and repair business in the New Orleans area since 1938.

At its main plant, on the west bank of the Mississippi River at Avondale, Louisiana, just north of New Orleans, Avondale engages in military and commercial shipbuilding, ship repair, and conversion. Facilities include building ways consisting of five positions, permitting the construction of vessels up to 900 feet in length. Avondale is not presently equipped to build vessels of the largest classes such as aircraft carriers and ultra large crude carriers.

In 1975, Avondale completed the expansion of its main yard facilities to accommodate the construction of larger vessels, such as the 125,000-cubic-meter liquefied natural gas (LNG) tankers under construction for subsidiaries of El Paso Natural Gas Company and the 165,000-ton tankers under construction for Standard Oil Company (OHIO) and Exxon Company, USA. This expansion included a new floating drydock (900 feet in length) which is used for the launching of vessels, ship repair and conversion and new construction.

Shipbuilding areas are serviced by a network of roadways and railroad tracks with material-handling and heavy-lift equipment such as whirley gantries, locomotives, platen gantries, locomotive gantries, and a rubber-tired, 100-ton capacity tractor trailer. In 1977, Avondale's sales volume was approximately 73% of the sales volume which could be expected if Avondale's major facilities could be fully utilized under optimum conditions. As of December 31, 1977, the shipyard was operating at less than full capacity.

The Westwego Yard facility occupies a site approximately five miles down river from the main plant. Facilities are available for hull construction for vessels up to approximately 450 feet in length and for the construction of drilling rigs. A drydock is located at the Westwego yard, and the yard operates as a repair facility.

The Harvey Quick Repair Yard in Harvey, Louisiana, has five floating drydocks for barge and river-craft repair work and facilities for the repair and overhaul of oil field equipment and the manufacture and repair of propellers for river and ocean-going vessels.

The Service Foundry Division, located in the industrial district of downtown New Orleans and in a new facility a few miles from the Avondale main plant, consists of a steel foundry, a bronze foundry, a complete machine shop with steel fabricating facilities and a pattern shop for the production of wood patterns used in the foundries. All foundry operations (with the exception of the machine shop, pattern storage and fabrication work) are now conducted at the 34-acre site near the main shipyard.

The Bayou Black Division, located between Houma and Morgan City, fabricates offshore oil and gas drilling platforms, production platforms, caissons, conductors, offshore drilling derrick substructures, engine packages, quarters buildings, cement kilns, pipe fabricated from flat plate, and barges. It also operates three complete pipe mills which fabricate large-diameter pipe used in the oil field industry and in the construction of offshore platforms and similar structures. The division has bulkhead sites and launching ways for the construction and shipment of offshore platform structures.

The Steel Sales Division, located in Harvey, Louisiana, operates a steel warehouse facility. It supplies a wide range of steel plates, structurals, and gratings to customers in the southern Gulf States area.

The Industrial Division, located in Harvey, Louisiana, manufactures watertight door closures, hatch covers, scuttles, manholes, and barges. It also manufactures custom-designed equipment on an assembly line basis. The division provides limited vessel and barge repair services and a 32-acre site in Harvey, acquired in 1975, is used for the fabrication of steel and deck sections for the offshore or allied industries.

Avondale owns approximately 497 acres of land containing 173 buildings and leases approximately 232 acres containing 4 buildings. The owned buildings aggregate approximately 1,900,000 square feet of space and the leased buildings aggregate approximately 123,000 square feet. As of December 31, 1977, the new floating drydock (financed pursuant to Title XI of the Merchant Marine Act of 1936, as amended) was subject to a mortgage in the principal amount of \$17,848,000.

The following table sets forth Avondale's workload distribution between 1973 and 1977 for ship construction and ship repair, based on contract progress billings:

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Military construction, ship repair and conversion	<u>7-1/2%</u>	<u>2-1/2%</u>	<u>2%</u>	<u>0%</u>	<u>4%</u>
Merchant ship construction	<u>87-1/2%</u>	<u>83%</u>	<u>74%</u>	<u>80%</u>	<u>80%</u>
Commercial ship repair and conversion	<u>10%</u>	<u>14-1/2%</u>	<u>24%</u>	<u>20%</u>	<u>16%</u>
Total non-military shipwork	<u>92-1/2%</u>	<u>97-1/2%</u>	<u>98%</u>	<u>100%</u>	<u>96%</u>
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The U. S. Government's subsidy program for the construction of vessels is administered by the Maritime Subsidy Board, Department of Commerce, Washington, D.C. The Maritime Subsidy Board holds hearings and approves applications to the extent of available funds and overall national defense and maritime policy. If an application is approved, the government determines to what extent it will subsidize the construction. Legislation, however, limits subsidies to 50% of contract price. Recent contract awards have been made on a negotiated basis, with the subsidized applicant and the government each paying its respective percentage of the cost at stated intervals. The three LNW carriers being constructed for subsidiaries of El Paso Natural Gas Company have been granted subsidies equal to 16.50% of their contract construction price. The two LASH vessels recently contracted by the Waterman Steamship Company have been granted subsidies equal to 47% of their contract construction price.

Approximately 31%, 35% and 15% of Avondale's total billings during 1975, 1976 and 1977, respectively, were derived from building merchant ships which were partially financed by United States Government subsidies. In general, without these subsidies, domestic shipyards would encounter difficulty in competing with foreign shipyards for the construction of certain ships. The domestic shipbuilding industry is also benefited by government programs, such as the government guarantees for financing certain U.S. -flag vessels constructed in U.S. shipyards and manned by U.S. crews, as provided in Title XI of the Merchant Marine Act of 1936. Domestic shipbuilding could be adversely affected by the discontinuance or certain modifications in these programs.

Some of the original Lighter Aboard Ship (LASH) vessels delivered to Pacific Far East Lines, Inc. (PFEL) and Prudential-Grace Lines, Inc. (Prudential) in 1973 and 1974 experienced excessive wear on portions of the main gears. Modifications were made and later LASH vessels did not experience similar wear.

During 1977 Avondale settled its disputes with PFEL and certain subcontractors relating to the causes of the excessive gear wear, responsibility for correcting it, and consequential damages sought by PFEL. Similar claims by Prudential were previously settled.

As of December 31, 1977, Avondale had a contract backlog of approximately \$600,000,000 compared with a backlog of \$642,000,000 as of December 31, 1976. It is anticipated that Avondale will bill approximately \$292,000,000 of its present backlog in 1978. In view of the lead time required in new ship construction it is expected that Avondale will be required to reduce its operations in the near future, but the extent and duration of any reduction will be largely determined by Avondale's ability to secure additional shipbuilding contracts and the nature of any such work. Other shipbuilders are experiencing similar or more serious difficulties leading to increased competition for the limited amount of available work.

In 1974, Avondale contracted with Standard Oil Company (OHIO) to build six 165,000 dwt tankers, two of which were assigned to Exxon Company, USA in 1976. These tankers are to be used to transport crude oil from Alaska to United States West Coast ports or to the Panama Canal. They are not eligible for subsidies from the Maritime Subsidy Board. This contract provides for escalation related to formulae covering labor and material. These formulae may result in price changes which may be greater or less than cost changes actually experienced by Avondale. The first of these vessels, which are the largest ever to be built by Avondale, was delivered in 1977 and the remaining five are scheduled for delivery during 1978 and early 1979.

The shipbuilding contracts negotiated in 1973 with El Paso Natural Gas Company subsidiaries are on a fixed-price basis. The shipyard is required to estimate the probable cost escalation during construction and to bear the risk of inadequate escalation estimates. The El Paso vessels are not being delivered in accordance with the original delivery schedule due to a variety of factors, including delays and production problems encountered by several Avondale subcontractors. Avondale and El Paso are involved in disputes with Carboline Marine Company because the coatings furnished by Carboline blistered after they were applied to the ballast tanks of two El Paso vessels. Disputes also exist with Kaiser Aluminum & Chemical Sales, Inc. relating to the responsibility for delays and manufacturing difficulties encountered by Kaiser in fabricating the aluminum tanks and installing foam insulation which Avondale subcontracted to Kaiser. In recognition of the manufacturing costs beyond original estimates, inflation exceeding original estimates, and delays and disputes with Carboline and Kaiser, Avondale has recognized significant losses on the El Paso contracts but actual losses could be more or less than the amounts presently recognized.

During 1977, Avondale completed the conversion of vessels for Farrell Lines, Inc. This contract provided for escalation and was partially funded by a construction subsidy provided by the Maritime Administration at a rate of approximately 37%.

In August, 1976, Avondale was awarded a \$150 million contract for two auxiliary oil tenders (AO's) for the United States Navy to be delivered in late 1979 and 1980. The contract is a fixed price incentive contract with provisions for escalation collections on material and labor costs related to a formulae which may be more or less than cost changes actually experienced by Avondale. In January 1977 the Navy exercised an option to purchase a third AO for an additional \$63 million for delivery in 1980.

In November 1977, Avondale entered into a fixed price contract with the Waterman Steamship Company for the construction by Avondale of two LASH ships for an aggregate price of \$140 million. These ships are scheduled for delivery in 1980.

In recent years, representatives of minority groups and women have asserted claims against Avondale alleging that certain persons have been discriminated against in employment, promotions, training, or other matters. (See "Pending Legal Proceedings.")

Avondale is being required to expend significant amounts to meet rapidly developing environmental considerations. Expenditures for environmental equipment are made because they are required and are rarely otherwise justifiable for commercial considerations. Between 1973 and 1977, Avondale expended an aggregate of approximately \$4,800,000 for these purposes. Due to changes in technology, relatively new equipment may become obsolete as more effective equipment is developed, and additional expenditures are likely.

Shipping -  
Ogden Marine, Inc.

As of December 31, 1977, Ogden Marine, Inc. (OMI) owned and operated a fleet of 29 ocean going bulk carriers, tankers, LPG tankers, general cargo vessels, and car/bulk carriers aggregating approximately 1,489,600 deadweight tons<sup>1</sup>, as follows:

- |                                       |  |
|---------------------------------------|--|
| 11 bulk carriers                      | - 4 registered in the United States (U.S. -flag), aggregating 90,600 deadweight tons; and 7 registered outside the United States (foreign-flag) aggregating 295,562 deadweight tons. |
| 9 tankers                             | - 5 U.S. -flag, aggregating 186,248 deadweight tons; and 4 foreign-flags aggregating 615,905 deadweight tons.  |
| 2 general cargo vessels               | - both U.S. flag, aggregating 31,100 deadweight tons.  |
| 2 liquid petroleum gas (LPG) carriers | - both foreign-flag, aggregating 97,800 deadweight tons.   |
| *5 car/bulk carriers                  | - all foreign-flag, aggregating 172,337 deadweight tons.   |

\*OMI also has a 50% interest in another 37,411 dwt car/bulk carrier

In addition, as of December 31, 1977, one 70,747 dwt foreign-flag ore/bulk/oil carrier was on order with a Japanese shipyard. It was delivered in January 1978.

OMI's ships are available for charter on a voyage, time, or bareboat basis, to commercial firms (such as oil companies) and governmental agencies, both foreign and domestic, on a world-wide basis.

Operating cost differentials favor foreign ships in world-wide commerce. However, because the United States laws restrict the U.S. coastwise movement to U.S.-flag ships, foreign-flag ships rarely compete with U.S. -flag ships for coastwise cargoes.

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(1) Approximately 80% of the tonnage is under charters having an unexpired term of one year or more.



United States military cargo must be transported on U.S. -flag ships, if available. Goods and petroleum transported by sea from one United States port to another must be carried on U.S. -flag ships. Various statutes require that preference be given to U.S. -flag ships, if available at fair and reasonable rates, in the shipment of at least half of all U.S. government impelled cargoes transported at the request of the United States for its own account or for the account of a foreign nation with the aid or guarantee of the United States. This preference primarily applies to grain and fertilizer shipments made under United States surplus agricultural commodities legislation and AID programs, although it is expected to provide cargoes under the crude oil reserve program.

United States vessels cannot compete effectively with foreign-flag vessels for cargoes except in specific cases such as back-haul cargoes. Foreign-flag ships can be constructed at a lesser cost in foreign shipyards and operated at a lesser cost with foreign crews. Recent amendments to the Merchant Marine Act may give U.S. -flag ships certain subsidies which may neutralize some of these disadvantages. OMI has offered to build and operate vessels for various charterers within this program, but to date no such shipping contracts have been concluded.

Shipowners may offer their ships under voyage, time or bareboat charter and for varying periods ranging from a single trip to a long-term arrangement approximating the useful life of the ship. In general, a long-term charter affords the owner greater assurance that it will be able to cover its cost (including depreciation, interest, insurance and operating costs); whereas, operating the vessel in the spot trade affords the owner greater speculative opportunity, which may result in high rates when ships are in demand or low rates (possibly insufficient to cover costs) when ship availability exceeds demand. Ship charter rates are affected by world economic and military considerations, weather conditions, strikes, governmental policies, factors of supply and demand, and many other factors beyond the control of OMI. OMI attempts to place the majority of ships on intermediate to long-term charters and reserves a few ships for the spot-charter market.

As of December 31, 1977, OMI's U.S. -registered ships were subject to mortgages in the aggregate principal amount of \$18,691,733 and OMI's foreign-registered ships were subject to mortgages in the aggregate principal amount of \$139,432,952.

Two foreign-flag bulk carriers have charters expiring in 1979 and two others have charters expiring in 1981. Two foreign-flag tankers have charters expiring in 1980 and a third is chartered through 1978 with the charterer having a renewal option for an additional 12-month period. Three U.S. -flag tankers have charters expiring in 1980, two of these charters contain options for additional one-year renewals, at the charterer's option. A fourth U.S. -flag tanker has a charter expiring in 1978 at which time it will commence another 1-1/2 year charter which contains two additional one-year renewals, at the charterer's option.



The other U.S. -flag tanker has a charter expiring in 1978. One of the foreign-flag L.P.G. Carriers is chartered through 1988, the other through 1990. The five foreign-flag car/bulk carriers (and a sixth 37,411 dwt car/bulk carrier, in which OMI has a 50% interest) have charters expiring in 1985 and 1986 with OMI having an option to extend the charters until 1989 and 1990 respectively. As of December 31, 1977, the remainder of the fleet (four U.S. - flag bulk carriers, three foreign-flag bulk carriers, one foreign flag tanker and two U.S. -flag general cargo vessels) are in the spot charter market. Ogden Marine's operations could be adversely affected to the extent Ogden Marine is unable to obtain revenue on substitute charters at comparable levels for those charters expiring in 1980 and later. In many cases the market charter rate is significantly below the level in Ogden Marine's existing charters.

Charters to the Military Sealift Command of the United States Navy (MSC) accounted for approximately 9% of the combined total revenues for the 12 months ended December 31, 1975; 3% for the 12 months ended December 31, 1976 and 3% for the 12 months ended December 31, 1977. The charters to MSC are subject to renegotiation by the Government under the Renegotiation Act of 1951. OMI has never been required to make a refund to the Government. OMI does not anticipate any renegotiation assessments.

In 1975, a subsidiary of OMI signed an agreement with a company now owned jointly by Pacific Lighting Corporation and Pacific Gas and Electric Company to build, own, and operate two, and possibly three 125,000-cubic-meter liquefied natural gas (LNG) carriers under twenty-year charters to begin in the early 1980's. The project is conditioned upon the approval of regulatory agencies, the completion of financing arrangements, and the successful implementation of other portions of Pacific Lighting's project for the importation of LNG from Indonesia to southern California. Hearings have been held by various Federal and State agencies (including the Economic Regulatory Administration, as successor to the Federal Power Commission) and it is hoped that final action will be taken in 1978. While the present ERA action permits the project to proceed, OMI is reviewing the proposed tariff to determine whether it is sufficient to support necessary Title XI Financing and otherwise give reasonable assurances to shipping participants.

#### New Vessels:

Through a foreign subsidiary, OMI has a contract with a Japanese shipyard to construct one 70,747 dwt ore/bulk/oil carrier costing approximately \$28 million. This carrier was delivered in 1978. The purchasing subsidiary has received seven-year financing from the builder for 70% of the contract price at a rate of 8.75% per annum. A five-year charter has been arranged for this vessel.

**Capital Construction Funds For Domestic Operations:**

The Merchant Marine Act of 1936, as amended, permits domestic shipping companies to establish a tax-deferred reserve fund called a "Capital Construction Fund" (CCF) for the purpose of acquiring vessels for use in the U.S. -flag Merchant Marine. OMI has created a CCF and has made deposits therein of taxable income earned by eligible vessels. United States income taxes otherwise payable on such income, together with the fund's investment earnings, are deferred to a later date. Qualified withdrawals from the fund are permitted for investment in shipping assets; however, the tax basis of such assets is reduced. If withdrawals are made for non-qualified purposes, the United States income taxes which had been deferred on such amounts, together with interest, becomes due and payable. As of December 31, 1977, OMI's domestic subsidiaries maintained a CCF of approximately \$23,000,000. An additional \$6,300,000 is expected to be deposited prior to September 15, 1978, and additional deposits may be made in the future. In calculating their earnings, OMI's domestic subsidiaries have provided a reserve in the amount of the deferred taxes and interest which will be payable if non-qualified withdrawals are made. A discussion of the tax treatment of undistributed earnings of foreign shipping companies is discussed under "Tax Considerations".

**Title XI Financing:**

Title XI of the Merchant Marine Act of 1936, as amended, provides for U.S. Government guarantees of financing for certain U.S. -flag vessels constructed in U.S. shipyards and manned by U.S. crews. Under this program, financing is available for up to 87 1/2% of the vessel's cost for a term of as long as 25 years (20 years for liquid bulk carriers), generally at favorable rates due to the U.S. Government guarantee.

OMI's headquarters are located at 280 Park Avenue, New York, New York where OMI leases two floors, pursuant to a lease which expires in April, 1989.

Marine Terminals -  
International Terminal Operating Co. Inc.

The main businesses of International Terminal Operating Co. Inc. (ITO) are the performing of stevedoring and related terminal services for loading and unloading cargo vessels and the handling of bulk and passenger vessels, including baggage and stores, along the East Coast and Gulf Coast of the United States. The exact nature of ITO's operations varies from port to port, and in some cases, within a port. In some instances, ITO owns or leases pier facilities and furnishes the piers, together with cargo loading and unloading services, to various ships and shipping lines on a contract basis. In other instances, ITO provides stevedoring services to load or unload ships at piers which are not owned or leased by ITO. ITO owns or leases specialized cargo-handling gear, such as 40-ton container cranes, mobile cranes, and fork-lift trucks capable of lifting up to 50 tons. It also conducts public warehousing operations in some areas and container repair service in other areas. ITO leases office space at 17 Battery Place, New York, New York, pursuant to a lease which expires in 1986.

ITO leases three marine terminals in the Port of New York area, two in the Port of Baltimore and two in the Port of Philadelphia. The foregoing leases range in duration from "month to month" to as long as approximately 12 years. ITO has certain renewal options under some of these leases. In addition to the leased terminals, ITO also owns a terminal in Brooklyn which is subject to a mortgage for \$396,000 due in equal semi-annual installments through 1979. This terminal was closed in 1977.

ITO also provides stevedoring services at various other piers in the Port of New York; Camden, New Jersey; Searsport, and Portland, Maine; Boston, Massachusetts; Philadelphia, Pennsylvania; Baltimore, Maryland; Providence, Rhode Island; Wilmington, Delaware; Norfolk and Newport News, Virginia; and Burnside, Louisiana through a management agreement entered into in late 1975.

Most of ITO's employees are represented by the International Longshoremen's Association which represents all ports in the North Atlantic Region. ITO's operations in 1977 were significantly and adversely affected by a two month selective strike in October and November against container operators. A new contract, expiring on September 30, 1980, has been signed with the International Longshoremen's Association.

ITO has a 51% interest in a stevedoring company in Norfolk, Virginia, and a 26% interest in a stevedoring company in Newport News, Virginia, which provide similar stevedoring services.

ITO has a five-year lease with three five-year renewal options for the Tioga Marine Terminal in Philadelphia. This 100-acre terminal can accommodate roll-on roll-off ships as well as breakbulk and container vessels. The addition of a twenty-one acre paved and lighted container yard during 1977 increases container capacity by almost 50%. The facility also contains two large container cranes and a 300,000 square-foot cargo shed.

As a service company, ITO could be seriously affected by a general reduction in available cargo, particularly in the Port of New York, and by a deterioration in the financial position of some customers, requiring the stevedore to assume a greater credit risk to retain the business. As volume decreases ITO is left with excess capacity and many fixed costs cannot be proportionately reduced. Shortages and significant price increases in gasoline and diesel fuel used by material handling equipment, work stoppages, and other matters beyond ITO's control can also affect ITO's operations promptly and adversely.

All piers where ITO operates have trucking facilities and either lighter berths or railroad facilities or both. Many such piers also have cranes. All equipment owned is free and clear of mortgages. The piers in general are adequate for current usage and in good condition.

ITO conducts public warehousing operations in Port Elizabeth, New Jersey, and performs container repair services at Philadelphia, Pennsylvania; Baltimore, Maryland; and Norfolk, Virginia.

As a result of an investigation by the Equal Employment Opportunity Commission (arising pursuant to a prior discrimination complaint against ITO, which was subsequently dismissed), ITO and the EEOC entered into a Conciliation Agreement during 1975 which provides, among other things, that ITO would, during the period to January 1977, establish interim and final goals for the utilization of minorities and females in its main office work force. These goals were attained within the specified time frame, and the Conciliation Agreement was deemed terminated in January 1977.

#### OGDEN METALS

Ogden Metals is engaged in various aspects of the ferrous and non-ferrous scrap business (Luria Brothers & Company, Inc.); the fabrication of semi-finished steel (Ogden Steel Company); the recycling and refining of non-ferrous metals and alloys (Ogden Alloys, Inc. and Wabash Alloys, Inc.); the fabrication of metal cabinetry and other products for computer, office equipment, and electronics industries (Mayville Metal Products Co.); and construction of special-purpose railroad cars (Ortner Freight Car Co.).

#### **Ferrous and Non-Ferrous Scrap- Luria Brothers & Company, Inc.**

Luria is engaged principally in the business of buying and selling ferrous scrap for its own account and for the account of others on a national and international basis. Luria's sales revenue increases significantly during periods of rising scrap prices, which did not occur during most of 1975, 1976, and 1977 as it did during 1973 and 1974. While Luria's spread between sale and purchase prices may increase with rising prices, certain other expenses also tend to increase, such as financing charges relating to the cost of carrying inventory and receivables which are higher in dollars for the same physical volume. These increases may be accentuated by increases in interest rates. During periods of rising scrap prices Luria may benefit to the extent it can sell existing inventory at higher market prices; conversely, during periods of falling scrap prices (such as most of 1975, 1976 and 1977) Luria may suffer to the extent the cost of its inventory exceeds the market price. In 1975, 1976, and 1977 Luria handled (exclusive of home scrap) approximately 5,300,000; 5,800,000 and 5,700,000 net tons of recycled scrap iron and steel, respectively.

Ferrous scrap is generated as an industrial waste by-product and is also recovered from obsolete scrap steel products such as old automobiles, used railroad cars, and worn-out appliances. Most ferrous scrap is ultimately used as a raw material in the manufacture of iron and steel. Ferrous scrap constitutes about 40%-50% of the raw material used to manufacture steel by the few open hearth processes still operating, but in the newer basic oxygen method, the ferrous scrap percentage is only 25%-30%, while ferrous scrap constitutes nearly 100% of the raw material used in the electric arc furnace process.

Algoma Contractors Limited also conducts operations in the ferrous-scrap area at a leased site in Sault Ste. Marie, Ontario, adjacent to The Algoma Steel Corporation Limited, one of Canada's leading producers of steel. Under the terms of a processing agreement with Algoma Steel, which is its sole customer, Algoma Contractors provides Algoma Steel with various services including recovering metallics from slag, crushing and screening slag, removing and cleaning open hearth and oxygen furnace linings, and reclaiming refractory and other types of brick. The agreement expires in 1982.

Since ferrous scrap is a basic raw material in the manufacture of iron and steel, the ferrous scrap business is subject to most of the economic factors which affect the iron and steel industry. In addition, the ferrous scrap business would be adversely affected by a change in the steel making process from the use of scrap to that of pig iron or metallized iron ore pellets. Because of transportation costs, which are relatively high compared to its value, ferrous scrap is rarely shipped long distances and is generally sold on a local or regional basis, except that scrap generated in coastal areas is frequently exported.

A February, 1963, order issued by the Federal Trade Commission prohibits Luria's knowingly acting as exclusive or substantially exclusive broker or supplier for any steel mill or buyer of ferrous scrap. See ("Pending Legal Proceedings").

Luria operates thirteen scrap yards at various locations throughout the country. Three of these, aggregating 66 acres, are operated on land owned and the remainder are on leased property. The yards are out of doors, but buildings house some of the operations. The yards are equipped with various cranes, scales, presses, and other equipment for handling, processing, and stockpiling scrap material. All facilities are maintained in good condition and are adequate for current usage. Luria maintains its principal office in Shaker Heights, Ohio. (See Proxy Statement, "Transactions with Certain Persons.")

Increasing demand for high quality specialized steel products and changes in steel making technology have increased the demand for purer forms of ferrous scrap. Luria owns and operates a fragmentizer in Brook Park, Ohio, a suburb of Cleveland. This plant converts automotive bodies and other high impurity content types of scrap into high grade raw materials for the metals industry.

In some instances Luria has agreements with steel companies under which it prepares "home" scrap for the steel company. Home scrap is residual generated in the steel producing process and is prepared for resubmission into furnaces. During 1977, Luria processed approximately 1,750,000 net tons of home scrap for major steel mills in the United States.

During 1975 approximately \$1,834,355 was spent on research and development activities. During 1976 and 1977 approximately \$588,000 and \$670,000 respectively was spent on research and development, including the employment of twelve professional engineering employees.

**Fabrication of Semi-Finished Steel -  
Ogden Steel Company**

Ogden Steel Company took over the semi-finished steel fabrication business and activities of Luria Brothers in 1977. Ogden Steel levels, flame cuts and fabricates semi-finished steel mill products into custom made parts and weldments for heavy equipment manufacturers, machinery manufacturers, and the construction and farm implement industries.

Ogden Steel competes with other flame cut parts fabricators and with foundries which traditionally cast similar products. Ogden Steel's business could be adversely affected by foundry developments and increased demand for semi-finished steel.

Ogden Steel has recently relocated its Gary, Indiana plant to a 100,000 square foot leased building on five acres at Lake Calumet near Chicago, Illinois. The lease is for a fifteen year term with a fifteen year renewal option. The capacity of this plant, when it is fully operated, will far exceed Ogden Steel's present sales. From time to time some production has been subcontracted. Ogden Steel's offices are maintained in Shaker Heights, Ohio, on Luria premises, and in Houston, Texas.

**Recycling and Refining of Non-Ferrous Metals and Alloys -  
Ogden Alloys, Inc.**

In 1977 the operations of Barth Smelting & Refining Corp. and I. Schumann & Company were merged to form the Barth and Schumann Divisions of Ogden Alloys, Inc.

The Barth Division is engaged principally in the recycling of copper scrap into specification alloys, primarily bronze and brass, through smelting and refining. These alloys are sold to customers in the eastern United States, but in some instances high-purity alloys are sold in the west and overseas. The Barth Division uses non-ferrous scrap as the basic material for its recycling operation.

The Barth Division operates from a 5-1/2-acre site facing the Passaic River in Newark, New Jersey. The site contains production and office facilities. The plant facilities include furnaces and material-handling equipment. Annual production capacity is approximately 20,000 net tons, and during 1977 it operated at below capacity.

The Schumann Division is engaged principally in the recycling of copper base, non-ferrous scrap metals into specification alloys of copper, bronze, and brass through smelting and refining, and in manufacturing brass shot, nickel-copper alloy shot, and copper shot. The Schumann Division operations are located in a plant on a 12-acre site in Oakwood Village, near Cleveland, Ohio. The plant includes furnaces,



material-handling facilities, laboratory areas, and office space. Most customers are within a 500-mile radius of Cleveland. The Schumann Division uses non-ferrous scrap metal as a basic material. Annual production capacity is approximately 25,000 net tons and during 1977 it operated at below capacity.

Both the Barth and Schumann Divisions act as dealers in non-ferrous scrap metal for their own account.

Ogden is planning to reduce or withdraw from the copper based non-ferrous metals business and is presently considering various alternatives for selling or liquidating the Barth and Schumann Divisions, but any sale or liquidation is not expected to have a material effect on Ogden.

#### Wabash Alloys, Inc.

Wabash is engaged in recycling scrap aluminum into specification aluminum alloys through smelting and refining. Products presently include sand, permanent mold and die cast aluminum alloy in ingot and molten form transported to customers' foundries on specially designed ladle trucks. Wabash is also engaged in the production of zinc base die casting alloys and Brightner metal.

Manufacturing operations, consisting of metallurgical scrap grading and the melting and alloying of the resulting metal to customer and trade specifications, are conducted in Wabash, Indiana, and Cleveland, Ohio. The Wabash plant consists of seven buildings containing approximately 259,000 square feet on a 291-acre site in Wabash, Indiana. It has a rated annual capacity of approximately 76,500 net tons. The plant produces aluminum alloy in ingot, sow and molten form. The Cleveland plant consists of five buildings containing approximately 272,000 square feet on a 29-acre owned site in the industrial valley of Cleveland. It has a rated annual capacity of approximately 45,000 net tons. The Cleveland plant produces aluminum alloy in ingot, sow, and molten form, and also contains facilities for the production of zinc base die casting alloys and Brightner metal. The Cleveland plant has a zinc capacity of 24,000 net tons per year. The Cleveland, Ohio, plant operated at below capacity in 1977. The Wabash, Indiana plant operated near capacity in 1977.

Wabash's customers include automobile and appliance manufacturers, and custom producers of die casting. Wabash will be affected by factors affecting these industries.

#### Fabrication of Metal Cabinetry- Mayville Metal Products Co.

Mayville's principal business is the custom manufacture of fabricated metal components for office building furniture and equipment, computer and electrical cabinetry, and agricultural and industrial equipment. Many of the products are custom



designed by the Mayville staff to meet the requirements of the customer. Most of Mayville's production is sold to customers in the Midwest.

Mayville's plants are located on an 18-acre owned site in Mayville, Wisconsin (housing a 350,000-square-foot plant and a 40,000 square-foot-warehouse which was acquired in 1977), and a 19-acre owned site in nearby Lomira, Wisconsin (housing a 30,000-square-foot plant). The plants are equipped with various machine tools and finishing and painting facilities. In 1977 Mayville's sales approached the capacity of its production facilities. Expansion plans are under implementation. The aggregate amount of outstanding mortgage for Mayville as of December 31, 1977, was \$275,270.

**Railroad Car Manufacturing -  
Ortner Freight Car Co.**

Ortner is primarily a manufacturer and rebuilder of specialty railroad cars. To a lesser extent, it rebuilds and sells used railroad car parts, rebuilds wrecked railroad cars, and scraps railroad cars primarily for reclamation of metal parts. Major customers are railroads, utilities, mining companies and a few industrial users.

Ortner's manufacturing facilities are located on a 23-acre location in Covington, Kentucky (near Ortner's offices in Cincinnati, Ohio), and on a 48-acre location in Mt. Orab, Ohio which began operations in 1976. The Covington land is leased from a railroad, while the Mt. Orab land is owned by Ortner with no mortgages outstanding. Most manufacturing operations, including shearing, drilling, assembling, welding, and painting, are carried on outdoors or in a series of pre-fabricated buildings.

During late 1976 a representation election was won by the United Steelworkers at the Mt. Orab facility and by the United Autoworkers at the Covington facility. Negotiations during 1977 did not result in an agreement with either union. In June, 1977 the employees at both plants went out on strike. The strike at Mt. Orab continued but a majority of the employees returned to work and filed a petition with the National Labor Relations Board for decertification. Prior to the decertification election, the United Steelworkers withdrew representation. Negotiations between Ortner and the United Autoworkers at the Covington facility continues.

Ortner's backlog extends into 1979. The Mt. Orab plant increased Ortner's production capacity from 1,300 to 1,800 new railroad cars per year and provides adequate land for future expansion.

#### ENVIRONMENTAL CONTROLS

Smelting companies are being required to expend significant amounts of money to meet rapidly developing environmental considerations. Ogden Alloys and Wabash expended an aggregate of \$300,000; \$500,000; \$200,000 and \$200,000 during 1974, 1975, 1976 and 1977 respectively, for these purposes. Due to changes in technology, relatively new equipment may become obsolete as more effective equipment is developed, and additional expenditures are likely. Expenditures for environmental equipment are made because they are required and are rarely otherwise justifiable for commercial considerations. At times, expensive environmental equipment actually reduces operating efficiency. The capital expenditures for environmental control facilities for the year 1978 are estimated to be approximately \$110,000. Even with these expenditures, the smelting companies are experiencing problems in complying with some of the strict standards which in the opinion of certain regulatory authorities are applicable. (See "Pending Legal Proceedings.")

OGDEN FOODS

Food and Leisure Services -  
Ogden Food Service Corporation

Ogden Food Service, through several subsidiaries, operates restaurants, cafeterias, snack bars, coffee shops, refreshment stands, and vending machines in industrial plants, institutions, stadiums, auditoriums, racetracks, airports, theatres, amusement parks, department stores, bowling alleys, and turnpike rest stops, as well as operating an in-flight food catering service at various airports in the United States.

Ogden Food Service leases space for its accounting center in a building, located in Philadelphia, Pennsylvania, on which a mortgage in the amount of \$708,644 was outstanding as of December 31, 1977.

Set forth below is a more detailed description of the various Ogden Food Service operations:

**Theatres:**

Ogden Food Service operates vending machines and attended refreshment stands in over 1,000 indoor and outdoor motion picture theatres. Its primary sales in indoor theatres consist of popcorn, candy, and soft drinks. In outdoor theatres, it generally provides more extensive services and a broader range of food and refreshments. The theatres which it serves are located throughout the country, with concentrations in a number of urban areas.

**Restaurants, Cafeterias, and Snack Bars:**

Ogden Food Service operates restaurants, cafeterias and snack bars, two of which are located at toll road stops on the John F. Kennedy Expressway in Maryland; approximately ten in department and discount stores; fifteen in bowling alleys; approximately forty-three in amusement parks; and five in various other locations.

Ogden Food Service also operates approximately fifty-four snack bars and coffee shops, generally under the name "Medick's", serving a limited variety of food items and refreshments. Most of these snack bars and coffee shops are in the New York metropolitan area and are situated near street intersections where heavy pedestrian traffic prevails. In addition, through Doggie Diner, Inc., Ogden Food Service operates a chain of twenty-three limited-menu restaurants in metropolitan Oakland and San Francisco.

**Industrial Plants and Institutions:**

Ogden Food Service operates restaurants, cafeterias, snack bars, refreshment stands, and vending machines, or a combination thereof, in approximately 130 industrial plants, hospitals, schools, colleges, military installations and other

institutions. Operations in industrial plants account for the major portion of the gross revenue in these categories.

**Stadiums and Auditoriums:**

Ogden Food Service operates concession services and, in some cases, restaurant services as well, at approximately fifty-four stadiums and auditoriums across the United States. The principal stadiums and sport facilities at which these services are provided include the Louisiana Superdome (New Orleans), Rich Stadium (Buffalo), the Palestra and Franklin Field Stadiums (Philadelphia), the stadiums of several universities, several speedways, and several racetracks, including Liberty Bell Racetrack (Philadelphia) and Yonkers Raceway (Yonkers, New York). The principal auditoriums at which these services are provided include the Milwaukee Arena and Milwaukee Exposition and Convention Center (Milwaukee), the New Orleans Auditorium and Municipal Theatre and the Rivergate, a convention center complex (New Orleans), the New Haven Civic Center (New Haven, Connecticut), Cook Convention Center (Memphis, Tennessee), the Capital Centre Arena (Largo, Maryland), the Myriad Convention Center (Oklahoma City, Oklahoma) and other auditoriums across the United States.

Ogden Food Service owns five buildings and leases thirty-three buildings in various areas, housing office and warehousing operations and totaling approximately 304,000 square feet. The leases range from a month-to-month term to as long as twenty years.

The operating contracts and concession leases under which Ogden Food Service operates are individually negotiated and usually provide for payment by commissions or rentals based on a stipulated percentage of gross sales, often with a minimum rental or payment. In all but a few operations, Ogden Food Service's payments presently exceed the minimum. Operating contracts vary widely as to duration, but those relating to theatres are limited in duration by an outstanding Federal Trade Commission consent order. (See Item 5 "Pending Legal Proceedings.") Some contracts are terminable at will or upon a short notice from either party.

Contracts with customers often provide for capital expenditures by Ogden Food Service at its customer's location, loans to customers, or guarantees of bank indebtedness incurred by customers. While Ogden Food Service attempts to negotiate for the best security available for its loans and guarantees, including security interests in real and personal property, assignments of concession rentals and personal guarantees, these arrangements often include varying degrees of business risk. Ogden Food Service's operations could be adversely affected by factors which reduce the profitability and financial ability of its customers or increase the interest rates in financing arrangements.

Results in 1977 were adversely affected by provisions for credit losses.

In the food service industry, it has been and still is customary for some suppliers to offer a variety of special promotions in order to induce customers to sell more of their products. These special promotions take the form of quantity discounts, advertising allowances, furnishing display or dispensing equipment, to name a few of the many practices. Because Ogden Food Service attempts to purchase goods required in its business at the lowest possible net cost, Ogden Food Service has never cared whether the seller afforded Ogden Food Service its lowest price by starting with a higher price and allowing a discount, rebate or allowance or by simply giving a lower but firmer price. In the case of some products (mostly beer and hard liquors) it is unlawful in some states for a supplier to give "inducements" to customers and in a few other states it is also unlawful to accept them.

Ideally, Ogden Food Service prefers to deal with more than one supplier for any major item (soft drinks, beer, candy, cigarettes, etc.) but sometimes at a particular location it will sell only the product of one supplier. Mostly this happens where the site owner requests Ogden Food Service to use the product of one supplier exclusively. For what it believes is good business practice, Ogden Food Service will usually defer to the wishes of the site owner even where it is not required to do so by the terms of its lease; in a few instances the lease requires it to do so.

#### In-Flight Food Catering Services:

Ogden Food Service provides in-flight food service and related services for scheduled and non-scheduled carriers. Ogden Food Service operates at Kennedy and LaGuardia in New York; Newark; Dulles in Washington; and Spokane, Amarillo, Omaha, Las Vegas and Los Angeles airports, and provides services for non-scheduled contract carriers at McGuire Air Force Base. Ogden Food Service facilities, aggregating approximately 273,000 square feet, are leased except at Newark (18,000 square feet), which is owned and subject to mortgages of \$73,537. Restaurants, gift shops and snack bars are operated in leased quarters in Norfolk, Spokane, Amarillo and Omaha.

The in-flight food service catering business is influenced by factors which affect airline travel generally, and additionally by those which relate only to the food service aspects. During 1977, some in-flight service facilities operated at levels below full capacity, and some operated at less than a break-even basis. Some facilities are dependent on one customer. Generally, agreements with airlines can be terminated on 30 to 90 day notice by either party. Competition has resulted among in-flight caterers for the available business. Independent food caterers, such as Ogden Food Service, are at a competitive disadvantage compared with in-flight caterers affiliated with airlines. Recently the affiliated caterers have successfully competed for significant business from other airlines.

Ogden Leisure, Inc.

Ogden Leisure, through several subsidiaries, operates a thoroughbred racetrack and a dog racetrack in West Virginia (the thoroughbred track includes other recreational facilities), one thoroughbred and harness racetrack in Illinois, one thoroughbred racetrack in Massachusetts, and one harness racetrack in Maine.

Waterford Park is a thoroughbred racetrack located in Chester, West Virginia, approximately 30 minutes from Pittsburgh, Pennsylvania. In 1977, this track had an average pari-mutuel handle of \$276,531. The 572-acre site is owned by Waterford Park and includes a 101-room motel, a private bath and tennis club, a golf course, and a mobile home city which is located on a small portion of the site. As of December 31, 1977, Waterford Park's facilities were subject to a \$2,800,000 mortgage.

Prior to 1976, Wheeling Downs conducted harness racing at a track on an 80-acre owned site near downtown Wheeling, West Virginia. In 1975, dog racing was legalized in West Virginia. Wheeling Downs was converted to a dog racing facility and began dog racing in August, 1976. It is anticipated that the facility will be operated on a year-round basis. In 1977, the track had an average pari-mutuel handle of \$112,032.

Fairmount Park conducts thoroughbred and harness racing in Collinsville, Illinois, eight miles from downtown St. Louis. The track is on a 150-acre site on which Ogden Leisure has a long-term lease expiring in 1987 with options to renew until 2017. In 1977, the track had an average pari-mutuel handle of \$518,960 for thoroughbred racing and an average pari-mutuel handle of \$294,794 for harness racing.

Suffolk Downs is located on 193 acres in Boston and Revere, Massachusetts, near Logan Airport. In 1977, Suffolk Downs had an average pari-mutuel handle of \$695,822. As of December 31, 1977, Suffolk Downs had mortgages outstanding aggregating \$6,671,511.

Scarborough Downs conducts harness racing at a track on a 650-acre owned site just south of Portland, Maine. In 1977, the track had an average pari-mutuel handle of \$97,221.

Each track is permitted by law to operate thoroughbred, dog or harness racing under the jurisdiction of appropriate state racing commissions. Racing days are usually awarded on an annual basis. The operations of any track could be adversely affected if it were not awarded sufficient racing days or if it were unable to attract horses or dogs in the quantity or quality necessary to generate and maintain public interest. Some Ogden Leisure thoroughbred or harness tracks, near state lines, could also be affected by racing activities in neighboring states, e.g., the licensing of competing tracks. A large portion of a track's revenue is derived from its share

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of the pari-mutuel handle, which can be adjusted by state legislation. Other income is derived from admission charges, parking, programs, and concessions. Operations could also be affected by general economic conditions or by the legalization of off-track gambling or other types of gambling. During 1977 Ogden Leisure's attendance and average pari-mutuel handle were generally below 1976 levels, partially due to adverse weather early in the year.

**Ogden Security, Inc.**

Ogden Security, which was organized in 1972, offers a wide range of security services to business, industry, institutions, government, the professions, and individuals. Ogden Security is based in Boston, with offices in New Haven, Connecticut, Philadelphia, Pennsylvania; and New York.

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Food Products -  
Tillie Lewis Foods, Inc.

Through Tillie Lewis Foods, Ogden Food Products is engaged in preparing, canning, and selling various fruits, vegetables, and other food products. Canning facilities are operated in California at Stockton (two locations aggregating 268,400 square feet), and Modesto (a 119,600 square foot location and a second 184,800 square foot location which commenced operations in 1977). Warehouse facilities are maintained near each cannery. Most of these facilities are subject to mortgages aggregating \$269,257 as of December 31, 1977) but portions are leased. All of the canneries have adequate canning equipment, a small portion of which is leased. A can manufacturing plant is located at Stockton where the company manufactures its own cans.

Ogden Food Products processes, packs and sells general canned food products. Major products include tomatoes, peaches, pears, fruit cocktail, apricots, asparagus, and beans. Ogden Food Products also produces jams and jellies, salad dressings, various tomato based sauces, toppings, and other specialty items. In terms of tonnage, case sales, dollar sales and profitability, the tomato business is the most significant part with 90% of the total tonnage of raw products processed consisting of tomatoes and tomato products. The tomato line is a very broad one and Ogden Food Products produces all types of canned tomatoes and products, glass packed catsup and spaghetti sauce, plus 55 gallon drums of tomato paste, pizza sauce and other tomato products for other food manufacturers. Ogden Food Products also produces some tomato paste and pizza sauce which is stored aseptically in 40,000 gallon bulk tanks. In the fruit business, Ogden Food Products packs various styles of cling peaches, bartlett pears, fruit cocktail and apricots. These are the traditionally high volume California fruit packs which are sold to both retail chains and to institutional buyers. The major vegetable pack is asparagus, although Ogden Food Products also packs zucchini, spinach, and peas when the market for these products looks attractive.

In line with the practice of most food processors, Ogden Food Products commits to purchase from vegetable growers the total production of a specified acreage at an agreed unit price. Fruits are generally contracted for on a tonnage basis. In a given period, production may sometimes exceed consumption. Weather, crop conditions, and other factors beyond the control of the growers and processors can alter the yield per acre and cause the volume of produce supplies to the processor to fluctuate during the harvest season. The production capacity of the Ogden Food Products canning plants, on a seasonal basis, is approximately 24,000,000 equivalent cases. In 1977, these plants were utilized at about 82% capacity during the canning season. In addition, certain factors including weather, grower preference, and governmental requirements may prevent any significant improvement or result in a decrease in utilization.



Traditionally, Ogden Food Products has generally paid the established field price for all raw products and these prices are usually established prior to the processing season. In 1977 Ogden Food Products established, on a pilot basis, a formula method of purchasing tomatoes where the grower is guaranteed 85% of the current established field price. Any payments above that guaranteed minimum are directly dependent on the market price for finished tomato products during the ensuing July 1 to June 30 fiscal selling year. Ogden Food Products believes that if this type of purchasing can be expanded in the future, the field price for tomatoes will more directly reflect the market price of processed tomato products.

During 1977 the warehouse and surrounding property, (approximately 38 acres) located at Pittsburg, California was sold. In addition, the Stockton facilities which had been used for processing products for George A. Hormel & Co. since 1950 (and approximately 10 acres of surrounding land), were sold to Hormel. Ogden Food Products entered into a ten year production contract with Hormel.

Historically, the tomato and peach crops have varied in size on a cyclical basis leading to periods of oversupply and depressed prices. Such was the case in 1977, when because of the drought, it was anticipated that the crops would be considerably reduced, but instead near record tonnages were produced.

Ogden Food Products has maintained close cooperation with growers and has advised them on growing procedures. Most of the produce is obtained within a 150-mile radius of the plants. Ogden Food Products attempts to schedule packing to obtain the maximum usage of its facilities and yet permit flexibility in the event the various crops unexpectedly vary in volume or timing. Generally, the tomato processing season lasts from July 15 to October 15, and the fruit processing season lasts through the summer months. In view of the seasonal nature of the business, the canneries operate on a very reduced scale from late October through March.

During 1977, Ogden Food Products expended approximately \$130,000 for research and development activities including salaries for three full time professional employees.

The largest portion of Ogden Food Products' business is private label fruits and vegetables, with tomatoes being the most important segment. However, Ogden Food Products also markets products under its own labels, including "Tasti-Diet", "Montini", "Flotill", "Stockton", "Red Ripe", "Flotta", and "Pierce".

Ogden Food Products also produces and markets a specialty line of low-calorie and salt-free foods for persons who wish to restrict the intake of natural sugar and salt in their diets or who wish to reduce their caloric intake. The assortment includes low-calorie fruits, jellies, preserves, toppings, syrups, salad dressings, an artificial sweetener, and salt-free vegetable products and soups. These products are

marketed under the Tillie Lewis brand name "Tillie Lewis Tasti-Diet", and in the aggregate accounted for a minor percentage of Tillie Lewis' gross sales revenues in 1977.

Between 1973 and 1977 Tillie Lewis invested approximately \$1,275,000 for water-pollution control facilities at plants (primarily at its former Antioch plant) attempting to comply with federal and state requirements. Although pollution levels were reduced, operations at Antioch did not fully comply with all requirements on each test date and the Antioch Plant was permanently closed after the 1976 canning season. Generally, pollution control facilities do not improve and in fact may impair plant efficiency (See "Pending Legal Proceedings.") Tillie Lewis anticipates that compliance with energy regulations and air pollution regulations will require the expenditure of approximately \$1,500,000 in calendar years 1978 and 1979.

Tillie Lewis Foods has approximately 2,500 customers in 1977 a dollar volume of sales to foreign countries of approximately \$5,500,000.

In recent years, governmental agencies (including the Equal Employment Opportunity Commission) and minority groups and women have asserted claims against Tillie Lewis Foods alleging that certain persons have been discriminated against in employment, promotions, training, or other matters. (See "Pending Legal Proceedings.")

#### International Products Corporation

Through International Products Corporation, Ogden Food Products is engaged in processing and selling meat products, including canned corned beef, other canned meat, specialty foods for the convenience food market, cubed beef, cooked beef, frozen meats, frozen offal, beef extract, hides and other by-products. International Products Corporation operates a plant in San Antonio, Paraguay, and cattle ranches in that country.

Canned meat and convenience foods are sold, f.o.b. Buenos Aires, in the United States and in Europe to various customers. A portion of the canned corned beef is sold to purchasers in the United States and England who market it under their own brand names. Some corned beef, however, is sold and exported by International Products under its own name to customers in Europe, the Caribbean and the Far East. A diversified market for canned meat products has been built in recent years, and approximately 20% of the current output is absorbed by the processing of products in institutional sizes for re-manufacture or use in institutions. Products sold in the United States are sold to and marketed through the Tillie Lewis Foods sales organization. The beef extract is sold and exported to customers in Europe. The principal by-products, such as hides and tongues, are sold primarily for export to Europe. International Products maintained its production of frozen specialty cuts for export to Europe (primarily Germany). Approximately 20% of International Products total production of meat products are shipped in a frozen or cooked frozen form to this market. In 1974 and 1975, these sales were curtailed significantly due to governmental restrictions, and these market conditions continued for most of 1976 and 1977.

The Paraguayan government restricts the number of cattle which may be slaughtered for export. At times during each year Paraguayan ranchers do not market their cattle. The San Antonio plant has never operated throughout an entire year and generally operates only five months a year. Since 1968 this plant has processed between 35,500 and 107,000 head of cattle annually. International Products continues to be one of the largest producers and exporters of meat products in Paraguay; however, eight other packing plants can produce frozen meats and by-products, and two of the eight also produce canned meats. Consequently, the demand for cattle has increased and the prices paid to ranchers during 1974 and, to a lesser degree, during 1975 through 1977, were substantially higher than those paid in the previous years.

In addition to its processing plant in San Antonio, Paraguay (approximately 1,500 acres) International Products also owns approximately 1, 100,000 acres and leases some 20,000 acres in Paraguay for ranching operations. But nearly two thirds of this land is not currently suitable for cattle ranching. The leases expire at various times through 1980, and there are no options for extensions or renewals. During 1977 International Products Corporation sold approximately

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112,300 acres of ranch land suitable only for breeding operations and purchased approximately 12,000 acres of land suitable only for fattening operations. International Products Corporation will attempt to sell additional land in the future. There are currently no mortgages outstanding on any of the International Products properties. Mineral rights in all Paraguayan property are reserved by the Paraguayan government.

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#### OTHER ACTIVITIES

Ogden owns several other subsidiaries which include the following:

##### Shaker Savings Association

Shaker Savings Association is an Ohio-chartered savings and loan association. Shaker's individual savings accounts are insured by the Federal Savings and Loan Insurance Corporation, up to \$40,000. Shaker owns its 22,000 square-foot main office in Shaker Heights, Ohio, near Cleveland. Shaker operates ten full service branch offices and four satellite offices. Ten of the offices are located in leased premises and four in buildings owned by Shaker on plots of less than one acre each. Shaker leases space in eight office buildings (other than the main office building) containing between 2,000 and 7,600 square feet each. The four satellite facilities are located in major Cleveland supermarkets and are between 150 and 250 square feet each. As of December 31, 1977 Shaker's main office building was subject to a \$113,898 mortgage.

The financial success of Shaker is largely dependent on its ability to attract and retain savings deposits and its ability to invest funds in real estate loans and government securities bearing higher interest rates. Shaker also receives loan and commitment fees in connection with such loans. As of December 31, 1977 Shaker received an average interest rate of 8.028% on its outstanding loans, and paid daily interest of 5.25% on its passbook savings accounts. On its Certificates of Deposit, which are issued in denominations ranging from \$500 to over \$100,000, it paid interest from 5.25% to 7.75% depending upon date of maturity and principal amount. During 1977, most savings and loan associations, including Shaker, experienced a substantial growth in savings deposits and in mortgage loans placed. In each of 1976 and 1977 Shaker placed \$109 million in new mortgages compared with \$57 million in new mortgages in 1975. The rates paid and received fluctuate depending on many factors, including general economic and competitive conditions. Because most of Shaker's loans have fixed interest rates which cannot be changed, in many instances Shaker cannot quickly pass on increased interest costs to its borrowers. In addition, should Shaker be unable to attract and retain funds, its ability to make new loans and gain commitment and similar fees would be sharply curtailed.

As of December 31, 1977, Shaker had total assets of \$538 million. Based on assets, it ranked sixth out of the 42 savings and loan associations in Cuyahoga County, Ohio (metropolitan Cleveland); approximately twelfth out of approximately 450 savings and loan associations in Ohio, and approximately 120th out of approximately 5,200 savings and loan associations in the United States.

The Savings and Loan Holding Company Amendments of 1967 (enacted February 14, 1968) to the National Housing Act preclude Ogden from directly or indirectly acquiring control of another savings and loan association and prohibit specified categories of transactions between Shaker and Ogden or its other subsidiaries. The prohibited transactions generally involve those in which the resources or credit of Shaker would be used for the benefit of Ogden or its subsidiaries. Shaker is also subject to regulations typical for savings and loan associations.

In November, 1977 Ogden entered into an agreement to sell its 95.58% interest in Shaker Savings Association to Ohio Savings Financial Corporation, a holding company organized by the Ohio Savings Association.

The sale is subject to the approval of the Federal Home Loan Bank Board and the Superintendent, Division of Building and Loan Associations of Ohio. Subject to such approvals, the closing is scheduled for not later than April 30, 1978. The sale price will vary on a formula basis depending on the closing date, but it is estimated that the price will be approximately \$34 million, and will result in approximately \$27 million in available funds after providing an estimated \$7 million for Federal Income Taxes.

**Aviation Power Supply, Inc.**

Aviation Power Supply, Inc. Burbank, California, overhauls aircraft engines and distributes aircraft parts both in the United States and abroad. Aviation Power Supply also overhauls, repairs and maintains turbine engines for AMTRAK.

**Better Built Machinery Corporation**

Better Built Machinery Corporation, Saddle Brook, New Jersey, assembles and sells equipment for washing, drying, and sterilizing hospital serviceware, surgical instruments, and research laboratory glassware and equipment for cleaning animal cages and related accessories.

#### DISPOSITIONS

In the last several years, Ogden has disposed of certain minor operations when it believed such action was desirable. The following operations have been disposed of since January 1, 1974:

In January, 1974, in-flight catering operations at the Cleveland airport were sold to United Airlines, Inc.

In September, 1974, Jarcho Bros., Inc., an installer of heating, air conditioning, ventilating and plumbing systems was sold to E. Kalisch, Inc., a plumbing contractor firm located in New York.

In March, 1975, the Fullerton and Van Nuys Divisions of Ogden Technology Laboratories, Inc. were sold. The operations of Ogden Technology were terminated during 1975.

In December, 1976, the business of Standard Paint and Varnish Company was sold to several purchasers in a group of related transactions. One of the purchasers was the former owner who sold the business to Avondale in 1967. Standard Paint was a producer of blasting grit, special protective coatings and paint.

On February 28, 1977, ODC returned its master lease covering 9200-9220 Sunset Boulevard in Los Angeles to the lessor as part of a settlement of litigation, pursuant to court approval. The master lease was entered into in 1972 with a former Ogden Director and his wife and by its terms would have continued until 1981. (See "Pending Legal Proceedings.")

In November, 1977 Ogden entered into an agreement to sell its interest in Shaker Savings Association to Ohio Savings Financial Corporation. The closing is subject to the approval of the Federal Home Loan Bank Board and the Superintendent, Division of Building and Loan Associations of Ohio.

GENERAL - OGDEN AND SUBSIDIARIES

Each business in which Ogden's subsidiaries are engaged is highly competitive. In some instances, Ogden's subsidiaries compete with other companies which are larger and have greater financial resources. In some instances, Ogden's subsidiaries are a relatively small factor in the industry and in other instances they are one of the more important competitors. In most instances, Ogden's subsidiaries offer goods and services which do not exactly parallel the goods and services offered by competitors. Frequently differences exist in the nature of the goods or services, their availability within a required time frame, marketing emphasis, geographic range, quality, quantity, depth and other significant competitive features.

Subject to these limitations, Ogden's subsidiaries tend to be one of the larger factors in their respective businesses, primarily in marine construction (Avondale Shipyards, Inc.); stevedoring and marine terminal operations (International Terminal Operating Co., Inc.); ferrous and non-ferrous scrap (Luria Brothers & Company, Inc.); secondary aluminum processing (Wabash Alloys, Inc.); food service (Ogden Food Service Corporation); and private label food processing (Tillie Lewis Foods, Inc. and International Products Corporation). These companies and other Ogden subsidiaries face competition not only from suppliers of other comparable goods and services, but also from suppliers of other goods and services which can be substituted for goods and services offered by Ogden subsidiaries. In some instances, small competitors may actually be at a competitive advantage because they are able to offer greater flexibility or are better able to react to localized competitive conditions. Because of Ogden's size, it is held to a stricter level of compliance than some competitors under certain regulatory programs.

Many parts of Ogden's businesses could be adversely affected by general economic conditions, war, inflation, adverse competitive conditions, governmental restrictions and controls, natural disasters, energy shortages, weather, the adverse financial condition of customers and suppliers, various technological changes and other factors over which Ogden has no control. Severe weather conditions in early 1977 adversely affected operations, particularly in the first quarter and similar conditions prevailed in early 1973.



ENVIRONMENTAL CONSIDERATIONS - OGDEN AND SUBSIDIARIES

Expanding environmental considerations may require some of Ogden's subsidiaries to install costly pollution control facilities which do not improve (and may impair) productivity. If this is economically impractical, it may be necessary to close certain operations. Pollution problems resulted in closing the Antioch plant at Tillie Lewis Foods after the 1976 canning season and the relocation of these operations to costly alternative facilities. Generally, companies are expected to install the latest techniques available even if costly facilities have been installed recently. Since these facilities often represent expanding technology, it is sometimes difficult to obtain complete warranties from suppliers that the facilities, when installed, will achieve their desired objectives.

EQUAL OPPORTUNITY - OGDEN AND SUBSIDIARIES

In recent years, governmental agencies (including the Equal Employment Opportunity Commission) and representatives of minority groups and women have asserted claims against many companies, including some Ogden subsidiaries, alleging that certain persons have been discriminated against in employment, promotions, training, or other matters. Frequently, private actions are brought as class actions, thereby increasing the practical exposure. In some instances these actions are brought by many plaintiffs against groups of defendants in the same industry, thereby increasing the risk that any defendant may incur liability as a result of activities which are the primary responsibility of other defendants. Although Ogden and its subsidiaries have attempted to provide equal opportunity for all of its employees, the combination of the foregoing factors and others increases the risk of serious financial exposure. In providing equal employment opportunity, Ogden subsidiaries often accept employees with less experience and educational background, which could adversely affect productivity.

TAX CONSIDERATIONS

Ogden has been advised by counsel that in their opinion all dividends paid during the year 1977 will be considered as fully taxable for Federal Income Tax purposes.

Provision has not been made for U.S. income taxes on distributions which may be received by Ogden from its foreign subsidiaries that would be substantially offset by foreign tax credits, or on undistributed earnings of foreign shipping companies and domestic international sales corporations which earnings are considered to be permanently invested in the related operations. Earnings considered permanently invested amounted to \$7,766,000 and \$8,303,000 for 1976 and 1977, respectively, and at December 31, 1977, earned surplus included untaxed undistributed earnings of these subsidiaries amounting to \$49,516,000.

Shaker Savings Association is also included in the Ogden consolidated group for Federal income tax purposes. The effective income tax rate for savings and loan associations on a separate return basis is approximately 28% under special provisions of the Internal Revenue Code which permit them to deduct amounts appropriated to general reserves in computing the amount subject to tax. Under Federal income tax laws, these reserves are available only for absorbing losses on loans, and, if used for any other purpose, a tax liability would be imposed on the Association at the then current Federal income tax rates. At December 31, 1977, Shaker Savings Association had \$20,933,000 in such reserves.

In recent years there have been several proposals to modify the tax treatment previously afforded foreign shipping operations, other foreign subsidiaries, domestic international sales corporations, and savings and loan associations. Similar proposals may be made in the future. If such proposals are enacted, there may be an adverse impact on Ogden and its subsidiaries.

BUSINESS CONDUCT AND COMPLIANCE - OGDEN AND SUBSIDIARIES

In April, 1976 Ogden adopted the following code of business conduct, which has been distributed to key executives of Ogden and its subsidiaries:

1. The use of Ogden or subsidiary funds or assets for any unlawful or improper purpose is strictly prohibited.
2. No undisclosed or unrecorded fund or asset of Ogden or any subsidiary shall be established for any purpose.
3. No false or artificial entries shall be made in the books and records of Ogden or its subsidiaries for any reason, and no employee shall engage in any arrangement that results in such prohibited act.
4. No payment on behalf of Ogden or any of its subsidiaries shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.
5. Any employee having information or knowledge of any unrecorded fund or asset or any prohibited act shall promptly report such matter to the Chairman of Ogden's Finance (Audit) Committee.
6. All managers shall be responsible for the enforcement of and compliance with this policy including necessary distribution to ensure employee knowledge and compliance.
7. Any deviation from the specific policies set forth herein must have the prior approval of the Chief Executive Officer of the Corporation, which approval shall be given only after there has been a determination that such payment or the furnishing of such services is not inconsistent with the laws, morals and highest accepted standards of business ethics and conduct of the country involved and would also further the legitimate interests of Ogden.

Ogden plans a continuing program to assure compliance with this policy. Ogden's independent auditors have also been instructed to be alert to any violations of this policy and to have them brought to the attention of Ogden's Audit Committee.

When any question relating to the legality or propriety of activities of Ogden or its subsidiaries is brought to the attention of Ogden's management by any governmental agency or any responsible private party, the matter is reviewed in detail with the Ogden employees involved and remedial action is taken if it appears to be necessary or appropriate in the circumstances.

In May, 1977, Ogden distributed its Policy of Business Conduct and Interpretation Booklet to over 2,000 of its managerial employees. Each employee was requested to sign and return a Certificate of Compliance acknowledging that the employee had reviewed the booklet and was complying with it.

EMPLOYEE AND LABOR RELATIONS - OGDEN AND SUBSIDIARIES

Ogden and its subsidiaries employ on a regular basis approximately 30,600 employees, 8,300 of whom are employed at Avondale. In addition, Tillie Lewis Foods employed approximately 4,000 employees during the canning season and International Products Corporation employed approximately 2,000 employees during the packing season. Certain plant employees at Algoma, Luria, Better Built, Ogden Alloys, Mayville, Wabash and Tillie Lewis belong to industrial unions; production workers at International Products Corporation belong to three Paraguayan unions; seamen on Ogden Marine's U.S. -flag ships belong to seamen's unions; ITO employs longshoremen who belong to the ILA; and some Ogden Food Service employees belong to various unions. Unionization activities are active at Ortnor. Many of the union contracts contain provisions for employer contributions to pension or retirement plans for the benefit of the unionized employee. Employees at Avondale, Aviation Power Supply, and Shaker are generally not unionized, although several times in recent years attempts have been made to unionize the Avondale and Aviation Power Supply employees and it is likely that additional attempts may be made in the future. In general, Ogden believes that its labor relations are good. During 1965, 1968, and 1971, the operations of ITO were curtailed by industry-wide strikes by the International Longshoremen's Association ("ILA") which affected the entire East Coast. Shorter work stoppages have also curtailed the operations of ITO at other times. In 1977, an industry-wide selective strike aimed at container carriers closed down ITO's container operations for 61 days, adversely affecting ITO. Ogden Marine's operations may be similarly affected by maritime work stoppages.

Item 2 Summary of OperationsOGDEN CORPORATION AND SUBSIDIARIESSummary of Consolidated OperationsFor the Five Years Ended December 31, 1977

	Years Ended December 31,				
	1977	1976	1975	1974	1973
	(Expressed in Thousands of Dollars, Except Per Share Amounts)				
Net sales and service revenues .....	\$1,592,271	\$1,557,473	\$1,491,264	\$1,858,119	\$1,275,705
Other income .....	21,094	14,084	9,306	6,230	8,661
Total income .....	1,613,365	1,571,557	1,500,570	1,864,349	1,284,366
Costs and expenses (Note B) ..	1,502,114	1,465,192	1,411,117	1,758,603	1,226,603
Interest .....	31,746	28,689	21,806	23,524	16,670
Federal and foreign income taxes (Note C) .....	29,476	29,418	20,619	35,599	14,434
Total costs and expenses ...	1,563,336	1,523,299	1,453,542	1,817,726	1,257,677
Net income .....	\$ 50,029	\$ 48,258	\$ 47,023	\$ 46,623	\$ 26,639
Earnings Per Common Share (Note A) .....	\$5.16	\$4.76	\$4.62	\$4.52	\$2.45
Earnings Per Common Share - Assuming Full Dilution (Note A)	\$4.47	\$4.13	\$4.01	\$3.93	\$2.25
Cash Dividends Declared Per Common Share .....	\$1.30	\$1.10	\$1.00	\$ .85	\$ .65
Common Shares Used for Computation of Earnings Per Share:					
Primary .....	9,281	9,654	9,694	9,835	9,993
Assuming full dilution .....	11,392	11,894	11,928	12,083	12,243

NOTES TO SUMMARY OF CONSOLIDATED OPERATIONS

- A. See Note 2 to Financial Statements for computation of earnings per share and description of differences in the Federal income tax provision from the basic 43% rate for 1977 and 1976. Similar reasons reduced the effective rate in the three prior years.
- B. In 1974, the last-in, first-out method was adopted for certain inventories previously valued on the first-in, first-out method. This accounting change for certain inventories resulted in a decrease in inventory values of approximately \$9,421,000 at December 31, 1974 and reduced net income in 1974 by approximately \$4,899,000 (\$.50 per common share).
- C. Included in the above summary of operations are the following:

YEAR	CHARGES (CREDITS) TO INCOME FOR DEFERRED FEDERAL INCOME TAXES	INVESTMENT CREDIT (ACCOUNTED FOR ON THE "FLOW THROUGH" METHOD)
	(In Thousands of Dollars)	
1973	\$(1,001)	\$ 865
1974	(2,634)	1,213
1975	(5,743)	6,200
1976	14,032	2,730
1977	28,746	2,970

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED OPERATIONS

Sales and service revenues for 1977 were \$34,738,000 higher than the prior year. The increase resulted primarily from increased revenues in marine construction, marine terminals, and food and leisure service operations, partially offset by a decline in the metals area resulting from unfavorable conditions in the steel industry and strikes at several subsidiaries. Income before Federal income taxes was \$1,324,000 higher than in 1976 due primarily to higher margins in marine construction, shipping, including gains on foreign currency exchange, and a return to profitability in the food products area which substantially offset the effect of decreased sales and margins in the metals area.

Sales and service revenues for 1976 were \$66,109,000 higher than the prior year. The increase resulted primarily from higher prices and increased unit sales in the metals area. Income before Federal income taxes was \$10,029,000 higher than in 1975 due primarily to higher margins in marine construction and reduced losses in food products which were partially offset by reduced margins on increased sales in the metals area.

The effective Federal income tax rate for 1977 decreased approximately .8% from 1976 primarily reflecting an increased percentage of earnings taxed at less than standard rates.

The effective Federal income tax rate for 1976 increased approximately 7.4% from 1975 primarily reflecting reduced investment credits and the recognition of an estimated loss on a foreign ship charter reducing earnings from operations not subject to Federal income taxes.



OGDEN CORPORATION AND SUBSIDIARIES  
SUMMARY OF CONSOLIDATED EARNED SURPLUS  
FOR THE FIVE YEARS ENDED DECEMBER 31, 1977

	YEARS ENDED DECEMBER 31.				
	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
	(Expressed in thousands of dollars)				
Balance, beginning of year	\$273,128	\$237,761	\$202,625	\$166,437	\$143,426
Net income	<u>50,029</u>	<u>48,258</u>	<u>47,023</u>	<u>46,623</u>	<u>26,639</u>
Total	323,157	286,019	249,653	213,110	175,115
Cash dividends	<u>14,064</u>	<u>12,391</u>	<u>11,592</u>	<u>10,435</u>	<u>9,623</u>
Balance, end of year	<u>\$309,093</u>	<u>\$273,128</u>	<u>\$237,761</u>	<u>\$202,625</u>	<u>\$166,437</u>

SUMMARY OF CONSOLIDATED CAPITAL SURPLUS

Balance, beginning of year	\$ 33,988	\$ 37,632	\$ 38,873	\$ 41,250	\$ 46,002
Exercise of stock options	1,076	822	761	550	564
Conversion of preferred shares	17	5	5		
Purchase of treasury stock	<u>(24,093)</u>	<u>(4,471)</u>	<u>(2,007)</u>	<u>(2,927)</u>	<u>(5,316)</u>
	<u>(23,000)</u>	<u>(3,644)</u>	<u>(1,241)</u>	<u>(2,377)</u>	<u>(4,752)</u>
Balance, end of year	<u>\$ 10,928</u>	<u>\$ 33,988</u>	<u>\$ 37,632</u>	<u>\$ 41,250</u>	<u>\$ 46,002</u>

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OGDEN CORPORATION AND SUBSIDIARIES

DETAIL OF COMPUTATION OF EARNINGS  
APPLICABLE TO COMMON STOCK

FOR THE FIVE YEARS ENDED DECEMBER 31, 1977

NUMBER OF SHARES USED FOR COMPUTATION OF EARNINGS PER SHARE:	1977	
Average number of common shares .....	9,239,000	9
Issuable for options - treasury stock method .....	42,000	—
Number of shares used for computation .....	9,281,000	9
NUMBER OF SHARES USED FOR COMPUTATION OF EARNINGS PER SHARE ASSUMING FULL DILUTION:		
Average number of common shares .....	9,239,000	9
Issuable for options - treasury stock method .....	42,000	—
Shares issuable for conversion of preferred stock .....	1,458,000	1
Shares issuable for conversion of debentures .....	651,000	—
Number of shares used for computation .....	11,390,000	11
COMPUTATION OF EARNINGS APPLICABLE TO COMMON SHARES:		
Net income .....	\$50,029,000	\$4.29
Less: Preferred dividends .....	2,176,000	2
Net Income Applicable To Common Shares .....	\$47,853,000	\$4.29
COMPUTATION OF EARNINGS APPLICABLE TO COMMON SHARES ASSUMING FULL DILUTION:		
Net income .....	\$50,029,000	\$4.29
Add: Debenture interest - net of applicable income taxes .....	346,000	—
Net Income Applicable To Common Shares .....	\$50,375,000	\$4.29

OGDEN CORPORATION AND SUBSIDIARIES

DETAIL OF COMPUTATION OF EARNINGS  
APPLICABLE TO COMMON STOCK

FOR THE FIVE YEARS ENDED DECEMBER 31, 1977

<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
9,232,000	9,633,000	9,632,000	9,762,000	9,922,000
<u>42,000</u>	<u>51,000</u>	<u>55,000</u>	<u>73,000</u>	<u>76,000</u>
<u>9,251,000</u>	<u>9,654,000</u>	<u>9,684,000</u>	<u>9,835,000</u>	<u>9,998,000</u>
2,232,000	2,633,000	2,632,000	2,762,000	2,922,000
<u>44,000</u>	<u>55,000</u>	<u>55,000</u>	<u>73,000</u>	<u>76,000</u>
1,453,000	1,555,000	1,533,000	1,577,000	1,597,000
<u>651,000</u>	<u>651,000</u>	<u>651,000</u>	<u>651,000</u>	<u>653,000</u>
<u>11,332,000</u>	<u>11,494,000</u>	<u>11,222,000</u>	<u>12,223,000</u>	<u>12,246,000</u>
\$50,022,000	\$42,252,000	\$47,022,000	\$46,623,000	\$26,639,000
<u>2,176,000</u>	<u>2,343,000</u>	<u>2,232,000</u>	<u>2,125,000</u>	<u>2,125,000</u>
<u>\$47,853,000</u>	<u>\$45,215,000</u>	<u>\$44,790,000</u>	<u>\$44,498,000</u>	<u>\$24,424,000</u>
\$50,022,000	\$42,252,000	\$47,022,000	\$46,623,000	\$26,639,000
<u>346,000</u>	<u>346,000</u>	<u>346,000</u>	<u>346,000</u>	<u>346,000</u>
<u>\$50,375,000</u>	<u>\$42,104,000</u>	<u>\$47,374,000</u>	<u>\$47,469,000</u>	<u>\$27,533,000</u>

Name	Percent of Securities Owned By Immediate Parent	Place of Incorporation
Ogden Corporation (Registrant).....		Delaware
Ogden Tankers, Inc. .... (A)	100	Delaware
Ogden Transportation Corporation .... (C)	100	Delaware
Ogden Marine, Inc. .... (A)	100	Delaware
Ogden Traveler Transport, Inc. .... (A)	100	Delaware
Ogden Marine Drilling, Inc. .... (A)	100	Delaware
Ogden Marine Indonesia, Inc. .... (C)	100	Delaware
Ogden Transportation Systems, Inc. .... (C)	100	Delaware
Ogden Bulk Transport, Inc. .... (A)	100	Delaware
Platte Transport, Inc. .... (A)	100	New York
Meadowbrook Transport, Inc. .... (A)	100	New York
Penn Tanker Company .... (A)	100	Delaware
Empire Transport, Inc. .... (A)	100	New York
Rio Grande Transport, Inc. .... (A)	100	New York
Pecos Transport, Inc. .... (A)	100	New York
Willamette Transport, Inc. .... (A)	100	New York
Mohawk Shipping, Inc. .... (A)	100	New York
Ogden Sea Transport, Inc. .... (A)	100	Delaware
Ogden Sacramento Transport, Inc. .... (A)	100	Delaware
Connecticut Transport, Inc. .... (A)	100	New York
Wabash Transport, Inc. .... (A)	100	New York
Ogden Merrimac Transport, Inc. .... (A)	100	Delaware
James River Transport, Inc. .... (A)	100	New York
Ogden Victory Transport, Inc. .... (A)	100	Delaware
Albany River Transport, Inc. .... (A)	100	New York
Universal Bulk Carriers, Inc. .... (A)	100	Liberia
Ogden Platte Transport, Inc. .... (A)	100	Panama
Ogden Niger Transport, Inc. .... (A)	100	Liberia
Ogden Congo Transport, Inc. .... (C)	50	Liberia
Ogden Jordan Transport, Inc. .... (A)	100	Liberia
Ogden Nelson Transport, Inc. .... (A)	100	Liberia
Thames Transport, Inc. .... (A)	100	Liberia
Lois Transport, Inc. .... (A)	100	Liberia
Ogden Shannon Transport, Inc. .... (A)	100	Liberia
Ogden Tiber Transport, Inc. .... (A)	100	Liberia
Ogden Sungai Transport, Inc. .... (A)	100	Liberia
Hudson Transport, Inc. .... (A)	100	Panama
Ogden Fraser Transport, Inc. .... (A)	100	Liberia
Ogden Amazon Transport, Inc. .... (A)	100	Liberia
Ogden Danube Transport, Inc. .... (A)	100	Liberia
Ogden Ebro Transport, Inc. .... (A)	100	Liberia
Amerasia Transport, Inc. .... (A)	100	Liberia
Ogden Missouri Transport, Inc. .... (A)	100	Panama
Ogden Orinoco Transport, Inc. .... (A)	100	Panama
Ogden Saguenay Transport, Inc. .... (A)	100	Liberia
Sacramento Transport, Inc. .... (A)	100	Panama
Columbia Transport, Inc. .... (A)	100	Panama
Oriental Transport, Inc. .... (A)	100	Liberia
Ogden Ottawa Transport, Inc. .... (A)	100	Liberia
Ogden Trent Transport, Inc. .... (A)	100	Liberia
Ogden Tagus Transport, Inc. .... (A)	100	Liberia
Ogden Parana Transport, Inc. .... (A)	100	Liberia
North African Investment Company .... (C)	100	Delaware
Aquila, S.A. .... (C)	100	Panama
Ogden Superbulk, Inc. .... (C)	100	Delaware
B.D.C. Liquidating Corporation .... (C)	100	Delaware
Boulder Development Corp. .... (C)	100	California
Ogden Development Corporation .... (A)	100	Delaware
Ogden Development Corporation of Florida .... (A)	100	Delaware
Ogden Realty and Management, Inc. .... (A)	100	California
Lipsett Construction Corporation .... (C)	100	Delaware

Name	Percent of Securities Owned By Immediate Parent	Place of Incorporation
Ogden Financial Corporation .... (A)	100	Delaware
Shaker Savings Association .... (D) (F)	95	Ohio
Shaker Savings Service Corporation .... (D) (F)	100	Ohio
Savers Club of America, Inc. .... (D) (F)	100	Ohio
Shaker Data Corporation .... (D) (F)	100	Ohio
Shaker Mortgage Corp. .... (D) (F)	100	Ohio
Shaker Ohio Development Corporation .... (D) (F)	100	Ohio
Shaker Savers Club .... (D) (E) (F)	100	Ohio
Ogden International Sales Corporation .... (A)	100	Delaware
Nedgo International Sales Corporation .... (A)	100	Delaware
Ogden Exporting Sales Corp. .... (A)	100	Delaware
Ogden Management Corporation .... (A)	100	Delaware
Ballantyne Management Corporation .... (C)	100	Delaware
Ogden American Corporation .... (A)	100	Delaware
Ogden American Management Services Corporation .... (A)	100	Delaware
Ogden Leisure, Inc. .... (A)	100	Delaware
Ogden Security, Inc. .... (A)	100	Delaware
Ogden Suffolk Downs, Inc. .... (A)	100	Massachusetts
Waterford Park, Inc. .... (A)	100	Delaware
Maine Raceways, Inc. .... (A)	100	Maine
Ogden Fairmount, Inc. .... (A)	100	Delaware
Wheeling Downs Racing Assn. .... (A)	100	West Virginia
Southern Illinois Trotting Corporation .... (A)	100	Illinois
Ogden Fairmount Jockey Club, Inc. .... (A)	100	Illinois
Scarborough Fair, Inc. .... (A)	100	Maine
Ogden Leisure Of Tennessee, Inc. .... (C)	100	Delaware
Ogden Metals, Inc. .... (A)	100	Delaware
Algoma Contractors, Ltd. .... (A)	100	Ontario
Ogden Steel Company .... (C)	100	Delaware
Mayville Metal Products Co. .... (A)	100	Delaware
Ortner Freight Car Company .... (A)	100	Delaware
Ogden Alloys, Inc. .... (A)	100	Delaware
Alloymetal Trucking Corp. .... (A)	100	New Jersey
Wabash Alloys, Inc. .... (A)	100	Delaware
Luria Brothers & Co., Inc. .... (A)	100	Delaware
Luria Europe, Inc. .... (A)	100	Delaware
Southwest Steel Corp. .... (A)	100	Pennsylvania
Lipsett Steel Products, Inc. .... (A)	100	New York
Northeastern Iron Products Sales, Ltd. .... (A)	100	Ontario
BIE Leasing Company .... (D)	100	Delaware
Ogden Food Service Corporation .... (A)	100	Delaware
Ogden Food Service Corporation of Idaho .... (A)	100	Idaho
Ogden American Food Services, Inc. .... (A)	100	Ohio
Ogden Foods, Inc. .... (A)	100	Delaware
The Tavern Company No. 1 .... (A)	100	Ohio
Ogden Food Service Corporation of Connecticut .... (A)	100	Connecticut
Ogden Food Service Corporation of Indiana .... (A)	100	Indiana
Baltimore County Ogden Food Service Corporation .... (A)	100	Maryland

Name	Percent of Securities Owned By Immediate Parent	Place of Incorporation
<b>Ogden Food Service Corporation (Continued)</b>		
Ogden Food Service Corporation of Rhode Island (A)	100	Rhode Island
Ogden Food Service Corporation of Vermont (A)	100	Vermont
Ogden Food Service Corporation of New York (A)	100	New York
Ogden Food Service Corporation of Massachusetts (A)	100	Massachusetts
A.B.C. Vending Corporation (Canada) Ltd. (A)	100	Canada
Ogden Food Service Corporation of Arizona (A)	100	Delaware
California Ogden Food Service Corporation (A)	100	Delaware
I. E. Liquidating Corporation (C)	100	Delaware
Ogden Food Service Corporation of Maryland (A)	100	Maryland
Ogden Food Service Corporation of Pennsylvania (A)	100	Pennsylvania
Ogden Food Service Corporation of Louisiana (A)	100	Louisiana
Ogden Food Service Corporation of Delaware (A)	100	Delaware
Ogden Confection Corporation (A)	100	Delaware
Nedick's Stores, Inc. (A)	100	Delaware
Ogden East Coast Restaurants, Inc. (A)	100	New York
Nedick's, Inc. (A)	100	New York
Ogden Campus Service Corp. (A)	100	Florida
Ogden Food Service Corporation of Milwaukee (A)	100	Wisconsin
Ogden Foods Travel Services, Inc. (A)	100	Delaware
Doggie Diner, Inc. (A)	100	Delaware
Fiddle Restaurants, Inc. (A)	100	Delaware
Ogden Food Service Corporation of Illinois (A)	100	Illinois
Ogden Bahamas Enterprises (C)	100	Bahamas
Ogden Restaurants Co., Inc. (A)	100	Ohio
Gleason's Ranch Houses, Inc. (A)	100	New York
Lawrence Street Properties, Inc. (A)	100	Delaware
Ogden Food Service Corporation of Texas (A)	100	Texas
M&P Wholesale Distributors Corp. (A)	100	New York
Ogden Food Service Corporation of Oklahoma (A)	100	Oklahoma
Ogden Food Service Corporation of Wisconsin (A)	100	Wisconsin
Pacific Coast Foods Co., Inc. (A)	100	California
Serra Food Service Management Ltd. (A)	100	California
Ogden Green, Inc. (A)	100	Delaware
Ogden Grace, Inc. (A)	100	Delaware
The Grace E. Smith Company (A)	100	Ohio
Arne Nissen's Tivoli, Inc. (A)	100	Ohio

Name	Percent of Securities Owned By Immediate Parent	Place of Incorporation
<b>Ogden Food Products Corporation</b>		
Corporation (A)	100	Delaware
International Products Corp. (A)	100	Delaware
Tillie Lewis Foods, Inc. (A)	100	Delaware
Flavor Pict, Inc. (A)	100	Delaware
Avondale Shipyards, Inc. (A)	100	Louisiana
Avondale Transportation Company, Inc. (A)	100	Delaware
River Road, Inc. (C)	100	Louisiana
Aviation Power Supply, Inc. (A)	100	California
Avoncraft Construction Co., Inc. (A)	100	Louisiana
Gendon, Inc. (A)	100	Delaware
Ogden Port Facilities, Inc. (A)	100	Delaware
Ogden Bulk Systems, Inc. (C)	90	New York
Ogden Industrial Corp. (A)	100	Delaware
Better Built Machinery Corporation (A)	100	Delaware
Lipsett Incorporated (A)	100	Delaware
Ogden Technology Laboratories, Inc. (A)	100	Delaware
Rototest Labs, Inc. (A)	91	California
Formatex, S.A.H. (D)	100	Luxembourg
International Terminal Operating Co., Inc. (A)	100	Delaware
I.T.O. Corporation of Baltimore (A)	100	Maryland
I.T.O. Corporation of New England (A)	100	Massachusetts
I.T.O. Corporation of New England (A)	100	Delaware
I.T.O. Corporation of Ameriport (A)	100	Pennsylvania
I.T.O. Great Lakes Corporation (A)	100	New York
I.T.O. Terminal Co. of Ameriport, Inc. (A)	100	Delaware
I.T.O. Warehouse Co., Inc. of Port Newark (A)	100	Delaware
Southern Stevedoring Corp. (A)	51	Virginia
Tidewater Stevedoring Corp. (A)	(B)	Virginia
I.T.O. Corporation of Rhode Island (A)	100	Delaware
International Terminal Operating Co. of La., Inc. (C)	100	Louisiana
Burnside Agency, Inc. (A)	100	Louisiana
Ogdeninvest A.G. (D)	100	Switzerland

## NOTES:

- (A) Subsidiaries included in the Registrant's consolidated financial statements.
- (B) Tidewater Stevedoring Corporation is 51% owned by Southern Stevedoring Corporation.
- (C) Not included in the Registrant's consolidated financial statements - 50% owned or inactive.
- (D) Not included in Registrant's consolidated financial statements - Finance subsidiary.
- (E) A non-profit corporation organized under the laws of the State of Ohio.
- (F) Included in financial statements filed for unconsolidated subsidiaries.

Item 5. Pending Legal Proceedings

Ogden and its subsidiaries are not parties to any pending legal proceedings for damages, or a related group of such proceedings, likely to involve damages against Ogden and its subsidiaries in excess of 10% of the current assets of Ogden and its subsidiaries on a consolidated basis. (Where the amount of a claim is not stated, or where it appears to be unrealistically stated, it is not contemplated that any likely recovery will approach such level).

The following proceedings are described because an order or decree in such proceedings may cause a future impact on the operations of a portion of Ogden's business, but Ogden's management does not believe that their impact will be materially adverse in the context of the overall operations of Ogden:

(a) A February, 1963, order issued by the Federal Trade Commission in the proceedings against Luria Brothers & Company, Inc., Southwest Steel Corporation, a former subsidiary of Luria, and various steel mills became final after the U. S. Supreme Court denied Luria's petition for certiorari in October, 1968. The order prohibits Luria from knowingly acting as exclusive or substantially exclusive broker or supplier for any steel mill or other buyer of ferrous scrap.

(b) Under a consent order of the Federal Trade Commission, issued in October, 1964, Ogden Food Service Corporation (formerly ABC Consolidated Corporation) and Ogden Food Service Corporation of Delaware (formerly Berlo Vending Company), have (1) agreed to limit any new concession contracts for motion picture theatres to a duration of five years, with certain rights in the theatre exhibitors to terminate earlier, and (2) consented to certain limitations on dealing with suppliers. The order does not affect other phases of Ogden Foods' operations.

The following proceedings and the transactions related thereto are described because officers and directors of Ogden are alleged to have an interest adverse to Ogden and its subsidiaries:

(a) In July, 1974, Harry Lewis, an Ogden stockholder, commenced a derivative action in the Supreme Court of the State of New York, County of Kings, against Ogden, Charles Luckman and Henry Z. Carter (former Ogden directors), their wives, James F. Edwards (an Ogden director) and most of the remaining Ogden directors. The litigation challenged (a) the master lease between Ogden Development Corporation and Charles and Harriet Luckman covering premises at 9200-9220 Sunset Boulevard in Los Angeles, California, (b) the resale

of Charles Luckman Associates to members of the Luckman family, (c) the consulting agreement between Ogden and Mr. Carter and certain activities by Mr. Carter, and (d) the consulting agreement between Ogden and Mr. Edwards and his wife, and seeks appropriate remedies. No recovery was sought from Ogden. As described in Ogden's Form 10-K Annual Report for the year ended December 31, 1976, on January 19, 1977 the Court approved the settlement of this litigation and on February 28, 1977 the master lease covering the premises at 9200-9220 Sunset Boulevard in Los Angeles, California was returned to the Luckman family in accordance with such Court approval.

(b) On April 21, 1976 and May 28, 1976, respectively, Sidney L. Garwin, an Ogden shareholder, commenced a derivative action in the Supreme Court of the State of New York, County of New York, and in the United States District Court for the Southern District of New York against Ogden Corporation and the directors of Ogden, including former directors. The action alleges, among other things, that between 1970 and 1975 the directors caused or acquiesced in the improper and wrongful diversion of Ogden assets. The action requests that the directors be required to account to Ogden for all sums expended by Ogden and for all damages sustained by Ogden as a result of such improper and wrongful diversions.

(c) On April 14, 1976 and May 3, 1976, respectively, Arthur J. Magida, an Ogden shareholder, commenced a derivative action in the United States District Court for the Southern District of New York and in the Supreme Court of the State of New York, County of New York, against Ogden Corporation and the directors of Ogden, including a former director. The action alleges, among other things, that between 1970 and 1975 the directors caused or acquiesced in the improper and wrongful diversion of Ogden assets. The action seeks to enjoin any improper diversion of Ogden assets, requests that the directors be required to account to Ogden for all losses sustained as a result, of such improper and wrongful diversion and, in the Federal action, asks that the election of directors from 1970 through 1975 be declared void, while in the State action, asks that the individual defendants be removed as directors and that a meeting of shareholders of Ogden be called for the election of new directors.

(d) On May 11, 1976, Sam Wietschner, an Ogden shareholder, commenced a derivative action in the United States District Court for the District of Delaware against Ogden Corporation and the directors of Ogden. The action alleges, among other things, that the directors caused or acquiesced in the improper and wrongful diversion of Ogden assets. The action requests that the directors be held jointly and severally liable for all damages sustained by Ogden as a result of such improper and wrongful diversions.

The following matters are described because they relate to the discharge of materials into the environment or otherwise relate to the protection of the environment:



(a) In January, 1975, the United States filed a Criminal Information against Wabash Alloys, Inc., ("Wabash"), a subsidiary of Ogden Corporation, in the United States District Court, Northern District of Indiana, Fort Wayne Division. The Criminal Information alleged violations and non-compliance by Wabash with 1973 consent orders with the Air Pollution Control Board in the State of Indiana and the United States Environmental Protection Agency ("EPA") requiring Wabash to install, pursuant to a specified timetable, certain additional pollution equipment at its secondary aluminum scrap plant at Wabash, Indiana. Wabash formally changed its plea on five of the nine counts in the original information from not guilty to nolo contendere. Wabash and the Government entered into a detailed settlement agreement providing for an air pollution abatement to supplement the previous consent orders. Under the terms of the agreement, Wabash's air pollution control program will be monitored by the Court as well as by EPA's office in Chicago, Illinois and the Indiana Air Pollution Control Board. Wabash has been placed on probation until January 1, 1980, and will be required to further upgrade pollution control devices on all major pieces of production equipment in the plant capable of emitting air pollution. In addition, a fine of \$125,000 was levied by the Court, the fine to be suspended pending the successful completion of Wabash's pollution control program. Wabash also is required to make quarterly reports to the Court, setting forth in detail the steps being taken under the settlement agreement.

b) On October 5 and 17, 1977, Notifications were issued against Avondale Shipyards, Inc., a subsidiary of Ogden Corporation, by the Department of Transportation, United States Coast Guard. The Notifications allege violations by Avondale in September, 1977, at mile 106 and 107 respectively of the lower Mississippi River, of the Federal Water Pollution Control Act Amendments of 1972 by the discharging of oil into the waters of the United States at mile 106 and 107 respectively of the lower Mississippi River. The maximum fine that may be imposed under the Federal Water Pollution Control Act Amendments is \$5,000 per violation. Avondale has been assessed and has paid a penalty of \$100 covering the above alleged violation that occurred on October 5, 1977 and a penalty of \$250 covering the alleged violation that occurred on October 17, 1977.

(c) On May 13, 1977 a Summons and a Complaint was filed in the United States District Court for the Eastern District of Louisiana by the United States of America against Avondale Shipyards, Inc., a subsidiary of Ogden Corporation. The complaint alleges that on or about August 13, 1974 Bilge Oil was discharged from Avondale's oil storage tank into the Harvey Canal in violation of the Federal Water Pollution Control Act Amendments of 1972 (reported in Ogden's Form 8-K for the month of September, 1975 and Form 10-Q for the Second Quarter of 1977). The complaint seeks a judgement against Avondale in the sum of \$4,500 plus interest and costs.

On August 18, 1977 this litigation was settled by Avondale paying the sum of \$1,500 to the United States Government and the action was dismissed.

(d) On June 16, 1976 a Civil Complaint in Admiralty was commenced in the United States District Court, Eastern District of Louisiana by the Parish of Jefferson against Avondale Shipyards, Inc., an Ogden subsidiary, and Ocean Drilling and Exploration Company ("ODECO"). The Complaint alleges that a drilling barge owned by ODECO, while docked at Avondale's shipyard sank and as a result thereof oil was discharged into the waters of the Mississippi River. This discharge was eventually taken into the Jefferson Parish water supply causing contamination thereof. The Complaint seeks damages in the amount of \$16,305 plus interest and all costs. (See Ogden's Form 10-K Annual Report for the year ended December 31, 1976.)

The Court has set a trial date of June 15, 1978 with a pre-trial conference on May 24, 1978 to consider a possible settlement of this case. ODECO has agreed that any settlement between the Parish and Avondale would be paid by ODECO.

(e) On November 16, 1977 a Report of Violation was filed by the Department of Transportation, United States Coast Guard against Ogden Marine, Inc., an Ogden subsidiary. The Report alleges a violation of 46USC391 by Ogden Marine, Inc. in that the ullage holes of the vessel "Ogden Willamette" were open without supervision and that the vessel contained improper flame screens. The maximum penalty assessable against Ogden Marine, Inc. is \$10,000. Ogden Marine was assessed and has paid a fine of \$100 covering the above violation.

(f) On August 8, 1977 and September 29, 1977 a Notification of Possible Violation of the Federal Water Pollution Control Act Amendments of 1972 was filed by the United States Coast Guard against Ogden Marine, Inc. The Notification alleged unlawful discharge of oil into the waters of the United States at Mt. Hope Bay, Massachusetts on March 18, 1977 and Stapleton, New York on September 25, 1977 (both Notifications were reported in Ogden's Form 10-Q for the quarter ended September 30, 1977). After an investigation the Coast Guard has determined that the facts do not support a conclusion of a violation by Ogden Marine and therefore the Notifications have been withdrawn by the Coast Guard and no penalty was assessed.

(g) In February, 1977, a Complaint and Summons was filed in the Municipal Court of the City of Newark against Barth Smelting & Refining Corp. (now Ogden Alloys, Inc.), a subsidiary of Ogden, alleging that Ogden Alloys had polluted the air (see Ogden's Form 2-K Current Report for the month of February, 1977). On December 2, 1977 the Court ruled that Ogden Alloys, Inc. had cooperated with the City of Newark and had made additional installations of air pollution devices, imposed a fine of \$120, including Court costs.

(h) On November 24, 1977 a Complaint was filed in the Cleveland Municipal Court by the City Air Pollution Inspector of Cleveland, Ohio against Wabash Alloys, Inc., a subsidiary of Ogden Corporation. The Complaint alleges that on October 12, 1977 Wabash Alloys violated Section 265.01(a) of the Codified Ordinance of the City of Cleveland by discharging contamination into the air of the City of Cleveland. On November 29, 1977 Wabash Alloys entered a plea of no contest whereupon the Court entered a judgment of guilty and suspended any fines.

The following matters are described because they relate to proceedings arising under civil rights statutes:

(a) Complaints were filed in December, 1973, in the United States District Court for the Northern District of California against Tillie Lewis Foods, Inc., other food processors in the Modesto, California area and California Processors, Incorporated, a trade association in which Tillie Lewis Foods is a member, and in September, 1974, in the United States District Court, North District of California against Tillie Lewis Foods, Inc. and the Teamsters Union. These Class Actions by several employees of the defendants seek injunctive relief to restrain the defendants from discrimination against the plaintiffs with respect to employment, compensation, etc. based on race, color, sex or national rights secured by Title VII of the Civil Rights Act of 1964. Plaintiffs are seeking back pay and damages for the alleged discriminations and violations.

California Processors, Incorporated, and the other defendants, including Tillie Lewis Foods, have negotiated with the Equal Employment Opportunity Commission a conciliation agreement which will dispose of the charges filed by the plaintiffs in these suits. This conciliation agreement requires that an Affirmative Action Fund (the Fund) be established, funded by contributions by the defendant companies, including Tillie Lewis Foods based on three cents per hour worked by each bargaining unit employee. About \$5,000,000 in the aggregate will be paid into the Fund over the five-year life of the Agreement by the defendant companies jointly.

The Fund will also pay for the incentive payments provided to women and minority workers who retain high-bracket jobs for more than 500 hours up to a limit of \$1,000,000. It will also fund the training programs created under the settlement. In addition, the defendant companies, jointly, have agreed to pay a total sum of \$17,500 to plaintiff's attorneys as counsel fees.

In May, 1976, this conciliation agreement was approved by the Court. Various would-be interveners appealed the Courts decision to the United States Court of Appeals for the Ninth Circuit. In February 1978 the United States Court of Appeals for the Ninth Circuit denied their motion for intervention and rejected the appeal.

(b) On August 16, 1977 a Summons and Complaint was filed in the United States District Court for the Eastern District of Louisiana against Avondale Shipyards, Inc. a subsidiary of Ogden Corporation. This is a class action brought by three former employees of Avondale seeking to represent a broad class of Avondale's black employees.

The Complaint alleges black employees at Avondale are discriminated against because of their race in violation of 42 U. S. C. §1981 in hiring, job assignment, conditions of employment, termination of employment and awarding of Workmen's Compensation and Insurance benefits. The Complaint also alleges that Avondale and Louisiana and Southern Life Insurance Co. (Co-defendant) engaged in a conspiracy in violation of 42 U. S. C. §1985(3) designed to prevent black employees from receiving insurance benefits and Workmen's Compensation payments.

The Plaintiffs seek declaratory and injunctive relief, damages for personal injuries, mental anguish, humiliation and suffering, punitive damages and attorney's fees. Because all three named Plaintiffs were members of a previous class action, a Motion to Dismiss and for Summary Judgment based on the ground of res judicata was filed by Avondale on September 28, 1977. The Court, without offering any basis for its decision, denied Avondale's Motion to Dismiss and Summary Judgment. Based on the Court's decision to deny Avondale's motion, Avondale is proceeding to file an Answer to the Complaint, resolve the questions concerning the class, and engage in general discovery in preparation for trial.

Until the size of the class is determined and the specific issues are identified, Avondale is unable to make an estimate of the potential monetary exposure in the case.

In addition to the foregoing, from time to time individual claims are presented against Ogden subsidiaries, including Avondale and Tillie Lewis Foods, alleging a violation of the civil rights of one or several employees. Generally, these claims have been resolved or dismissed on a routine basis.

The following matter is also reported:

In submitting its bi-annual application for a stevedoring license renewal in November, 1977, a subsidiary of Luria Brothers & Co., Inc. advised the Waterfront

Commission of certain cash gratuities paid to employee and non-employee union officials at the subsidiary's facility in Port Newark, New Jersey during the Christmas season on several occasions ending with 1975. No similar payments are known to have been made thereafter and they are strictly prohibited by Ogden's Policy of Business Conduct and Interpretations. The Luria subsidiary has cooperated with the Waterfront Commission in its ensuing investigation. The total reported gratuities did not exceed \$10,000. Disciplinary action may be taken against the Luria subsidiary and certain employees, but it is anticipated that any action will not have a materially adverse affect on Ogden or its subsidiaries on a consolidated basis.

Item 6. Increases and Decreases in Outstanding Equity Securities

<u>Common stock</u>		<u>Shares</u>
Outstanding January 1, 1977		9,548,347
<u>Date</u>	<u>Increases - Issuance of Shares Transaction</u>	
Various	Exercise of stock options	78,100
Various	Conversion of preferred shares	116,507
		9,742,954
<u>Date</u>	<u>Decreases - Reacquisition of Shares Transaction</u>	
Various	Acquisition of treasury shares	953,366
	Outstanding December 31, 1977	8,789,588
<u>\$1.875 Cumulative Convertible Preferred Stock (Series A)</u>		<u>Shares</u>
Outstanding January 1, 1977		783,863
<u>Date</u>	<u>Decreases</u>	
Various	Acquisition of treasury shares	1,820
Various	Conversion into common shares	75,591
	Outstanding December 31, 1977	706,452
<u>\$2.00 Cumulative Convertible Preferred Stock (Series B)</u>		<u>Shares</u>
Outstanding January 1, 1977 and December 31, 1977		321,367
<u>5% Convertible Subordinated Debentures Due 1993</u>		
Outstanding January 1, 1977 and December 31, 1977		\$49,985,000 (A)

NOTE:  
(A)

Includes Debentures with a face amount of \$17,457,000 held by three Ogden Subsidiaries. These Debentures are not considered outstanding for consolidated financial purposes.

Item 7. Changes in Securities and Changes in Security for  
Registered Securities

Not applicable.

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Item 8. Defaults upon Senior Securities  
Not applicable.

854240275



Item 9. Approximate Number of Equity Security Holders -  
December 31, 1977

<u>Title of Class</u>	<u>Approximate Number of Record Holders</u>
Common Stock, Par Value \$.50 per share	18,613
\$1.875 Cumulative Convertible Preferred Stock (Series A)	5,384
\$2.00 Cumulative Convertible Preferred Stock (Series B)	6
5% Convertible Subordinated Debentures Due 1993	2,301

**Item 10. Submission of Matters to a Vote of Security Holders**

- (a) The Annual Meeting of Stockholders of Ogden Corporation was held on May 26, 1977 in New York, New York.
- (b) The name of each director elected at the Annual Meeting of Stockholders is as follows:

Ralph E. Ablon  
Carl S. Ablon  
Robert Bach  
Edward B. Bickford  
William F. Connell  
Eugene J. Donohue  
James F. Edwards  
F. William Harder  
Howard M. Holtzmann  
Michael Klebanoff  
Terry Allen Kramer  
Donald A. Krenz  
Hansen E. Koch  
M. Lee Rice  
Durel J. Talbot

- (c) Each other matter, except the above and the selection of auditors, voted upon at the Annual Meeting of Stockholders, and the number of affirmative votes and number of negative votes cast with respect to each matter is as follows:
  - (1) Proposals by Messrs. Lewis Gilbert and John Gilbert, stockholders, to request the Board to take steps necessary to:
    - (i) inaugurate an Audit Committee of The Board composed of outside Directors. This proposal was defeated by a vote of 6,464,726 votes against and 848,102 votes for the proposal.
    - (ii) to provide for a Chairman and a President. This proposal was defeated by a vote of 6,837,103 votes against and 487,501 votes for the proposal.

Item 11. Executive Officers of Ogden Corporation

(a) Listed below are the names and ages of all of Ogden's executive officers, the nature of any family relationship among them, the present position held, term of office, and the period during which each has held such position:

<u>Name</u>	<u>Positions and Offices Held</u>	<u>Principal Responsi- bility</u>	<u>Age as of 3/31/78</u>	<u>Year Appointed to such Position</u>
Ralph E. Ablon 1, 2, 3	Chairman of the Board & President	Chief Execu- tive Officer	61	1962
Eugene J. Donohue 1, 3	Senior Vice Presi- dent and Chief Financial Officer	Chief Finan- cial and Administrative Officer	54	1962
Donald A. Krenz 1	Senior Vice Presi- dent & Chief Counsel	Chief Counsel	41	1968
Albert O. Mendez	Vice President	Chief Operating Officer	42	1977
Robert M. DiGia	Vice President & Controller	Controller	53	1965
Salvatore S. Ferrara	Vice President	Tax Counsel	46	1974
William L. Chambers	Vice President	Human Resources	40	1977
Stanley A. Frankel	Vice President	Public Relations	59	1962
Philip F. Ruppel	Vice President	Investor Relations	49	1973
James M. Russo	Treasurer	Treasurer	42	1971
James W. Deer	Secretary	Secretary	61	1951

1. Member of the Board of Directors
2. Member of the Executive Committee
3. Member of the Finance Committee

there is no family relationship by blood, marriage, or adoption (not more remote than first cousins) among any of the above individuals.

The term of office of all officers shall be until the next election of directors and until their respective successors are chosen and qualified or until they shall die or resign, but any officer may be removed from office, without cause, at any time by the Board of Directors.

There are no arrangements or understandings between any of the above officers and any other person pursuant to which any of the above was selected as an officer.

(b) Except as set forth below, the foregoing table lists the principal occupation of the named individual and the position or similar position that he held since January 1, 1973:

Mr. Ruppel has been a Vice President since July, 1973, and prior thereto was a Vice President of duPont Glove Forgan, Incorporated, an investment banking and brokerage concern.

Mr. Mendez has been a Vice President since July, 1976. Prior thereto Mr. Mendez had been associated with the Xerox Corporation since August, 1971. While with Xerox Mr. Mendez occupied various positions in marketing, finance, and general management with United States and international operations.

Mr. Chambers was appointed Ogden's Vice President - Human Resources in August, 1977. Prior thereto, Mr. Chambers had been associated with Honeywell, Inc. since February, 1960. While with Honeywell Mr. Chambers occupied various positions in Personnel and Employee Relations management within the United States and International operations, most recently as Director of Employee and Community Relations for the Small/Medium Information Systems Division of Honeywell's United States Informations Systems Group.

Mr. Deer has been a member of the firm of Holtzman, Wise & Shepard since prior to January, 1973.

Item 12. Indemnification of Directors and Officers

See Proxy Statement for the 1968 Annual Meeting of Stockholders of Ogden Corporation, dated May 3, 1968, and Item 29 to Registration Statement - File No. 2-28804, which became effective June 4, 1968, both filed as exhibits to Form 10-K for the fiscal year ended December 31, 1970, Commission File Number 1-3122.

Ogden maintains a directors and officers liability insurance policy issued by Lloyds of London for coverage up to \$20,000,000. Directors and officers are not covered in cases of self-dealing, fraud, dishonesty, intentional wrongdoing or wrong-doing other than ordinary negligence. The policy contains a deductible of \$10,000 per director or officer (\$30,000 per incident). A related policy in the same amount insures Ogden for amounts it reimburses directors and officers. This Policy contains a \$100,000 deductible. Both policies expire on January 22, 1979.

Item 13. Financial Statements, Exhibits Filed and Reports on Form 8-K

(a) Listed below are all documents filed as a part of this report:

(1) All financial statements. (attached)

(2) All exhibits, including those incorporated by reference.

(A) Copies of all amendments or modifications, not previously filed, to all exhibits previously filed.

(i) By-Law Amendment adopted July 21, 1977.

(ii) Amendment to the Pension and Profit Sharing Plans of the following Ogden subsidiaries:

Ogden Food Service Corporation  
Nedicks Stores, Inc.  
Ogden Alloys, Inc.  
Ortner Freight Car Company  
Aviation Power Supply, Inc.  
Tillie Lewis Foods, Inc.

(B) Copies of all contracts and other documents of a character required to be filed as an exhibit to an original registration statement on Form 10 which were executed or in effect during the fiscal year and not previously filed.

1. See (a) (2) (A) (i) above.

2. Purchase Agreement dated November 18, 1977, by and between Ohio Savings Financial Corporation and Ogden Financial Corporation covering the sale of Ogden's interest in Shaker Savings Association.

3. N/A

4. None

5. See Exhibit (a) (2) (A) (ii) above.

6. None

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7. N/A

8. N/A

9. See (a) (2) (B) 2 above.

10. None

(C) Copies of the exhibits called for by Instructions 3, 4 (d) and 5 to Item 2. (See attached financial statements.)

(D) Copies of all constituent instruments defining the rights of the holders of any new class of securities referred to in answer to Item 6(c).

None.

(E) Copies of the amendments to all constituent instruments and other documents described in answer to Item 7.

None.

(F) Copies of the text of any proposal described and copies of any published report furnished in response to Item 10.

(i) Ogden Corporation Notice of Annual Meeting and Proxy Statement.

(ii) Ogden Corporation 1977 Semi-Annual Report and Report of Annual Meeting.

(b) No reports on Form 8-K were filed for the three months ended December 31, 1977.

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PART II

Items 14 - 18 are omitted pursuant to General Instruction H.  
See Ogden's 1978 Proxy Statement.

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**Signatures**

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OGDEN CORPORATION

By  
Donald A. Krenz  
Senior Vice President

Dated: March 23, 1978

854240284

**HASKINS & SELLS**

INTERNATIONALLY  
DELOITTE, HASKINS & SELLS

TWO BROADWAY  
NEW YORK, NEW YORK 10004

**AUDITORS' OPINION**

**Ogden Corporation:**

We have examined the financial statements and schedules of Ogden Corporation, Ogden Corporation and subsidiaries, and Shaker Savings Association and subsidiaries (non-consolidated finance subsidiaries of Ogden Corporation) listed in the accompanying table of contents, which you are filing as part of your Annual Report (Form 10-K) to the Securities and Exchange Commission for the year ended December 31, 1977. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of Ogden Corporation, Ogden Corporation and subsidiaries, and Shaker Savings Association and subsidiaries at December 31, 1977 and December 31, 1976 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied; and the schedules, when considered in relation to the basic financial statements, present fairly in all material respects the information shown therein.

**HASKINS & SELLS**

**January 31, 1978**

OGDEN CORPORATION AND SUBSIDIARIES

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All other schedules are omitted because they are not applicable or the required information, where material, is shown in the financial statements or the notes thereto.

(Continued)

SHAKER SAVINGS ASSOCIATION AND SUBSIDIARIES

(Non-Consolidated Finance Subsidiaries of Ogden Corporation)

Statements of Consolidated Financial Condition, December 31, 1977 and 1976

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XVI - Supplementary Income Statement Information

All other schedules are omitted because they are not applicable or the required information, where material, is shown in the financial statements or the notes thereto.

OGDEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS, DECEMBER 31, 1977 AND 1976

ASSETS	1977	1976	LIABILITIES SHAREHOLDERS'
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>
Cash (Note 10).....	\$ 44,859,000	\$ 50,013,000	Current portion of:
Marketable securities - at cost, which			Accounts payable ..
approximates market .....	22,627,000	16,730,000	Federal and foreign
Receivables (less reserves: 1977, \$4,837,000	136,126,000	131,961,000	Accrued liabilities
and 1976, \$5,285,000) (Schedule XII) .....	197,651,000	197,909,000	Payrolls .....
Inventories (Notes 2 and 3) .....	8,732,000	8,094,000	Interest .....
Prepaid expenses, etc. ....			Taxes other than:
			Other .....
Total current assets .....	409,995,000	404,712,000	Total .....
<b>PROPERTY, PLANT, AND EQUIPMENT (At Cost):</b>			<b>LONG-TERM DEBT (exclud</b>
(Notes 2 and 12 and Schedules V and VI):			(Notes 2 and 4) ...
Land .....	19,555,000	19,050,000	<b>OTHER LIABILITIES ...</b>
Buildings and improvements .....	119,993,000	108,838,000	<b>RESERVES (Schedule XI</b>
Machinery and equipment .....	267,919,000	250,574,000	<b>DEFERRED TAXES (Note</b>
Vessels .....	331,718,000	331,726,000	<b>5% CONVERTIBLE SUBORD</b>
Construction in progress .....	8,597,000	16,559,000	<b>COMMITMENTS AND CONTI</b>
Capitalized leases (Notes 2 and 12) .....	11,036,000		<b>SHAREHOLDERS' EQUITY:</b>
Total .....	759,528,000	726,797,000	Serial preferred st
Less accumulated depreciation and amortization	261,584,000	225,552,000	authorized, 4,000
Property, plant, and equipment - net	497,944,000	501,245,000	\$1.875 cumulative
<b>OTHER ASSETS:</b>			1977, 706,000
Investments in subsidiaries not consolidated	29,853,000	26,697,000	involuntary li
(at equity in net assets) (Note 1) .....			1976, \$15,795,
Non-current receivables (less reserves: 1977,	6,775,000	10,772,000	\$2.00 cumulative
\$1,600,000 and 1976, \$775,000)(Schedule XII)	23,293,000	23,333,000	1976, 321,000
Goodwill and other intangible assets (Note 1).	32,527,000	25,965,000	value, 1977 an
Restricted and capital construction funds ....	21,300,000	8,237,000	Common stock, par v
Miscellaneous .....			20,000,000 shar
Total other assets .....	113,748,000	95,054,000	9,548,000 share
			Capital surplus (N
			Earned surplus (Not
<b>TOTAL .....</b>	<b>\$1,021,687,000</b>	<b>\$1,001,011,000</b>	<b>Total .....</b>

See Notes to Financial Statements

ORATION AND SUBSIDIARIES

SHEETS, DECEMBER 31, 1977 AND 1976

	LIABILITIES AND SHAREHOLDERS' EQUITY	1977	1976
	<b>CURRENT LIABILITIES:</b>		
00	Current portion of long-term debt (Note 4) .....	\$ 33,667,000	\$ 35,668,000
	Accounts payable .....	148,525,000	147,389,000
00	Federal and foreign taxes on income (Note 2) .....	18,345,000	6,106,000
	Accrued liabilities:		
00	Payrolls .....	7,823,000	5,476,000
00	Interest .....	5,506,000	2,359,000
00	Taxes other than Federal and foreign taxes on income .....	9,970,000	8,107,000
00	Other .....	40,409,000	36,473,000
	<b>Total current liabilities .....</b>	<b>264,250,000</b>	<b>241,578,000</b>
00	<b>LONG-TERM DEBT (exclusive of amounts due within one year)</b>		
00	(Notes 2 and 4) .....	332,875,000	346,200,000
00	<b>OTHER LIABILITIES .....</b>	<b>2,800,000</b>	<b>3,762,000</b>
00	<b>RESERVES (Schedule XII) .....</b>	<b>18,796,000</b>	<b>31,090,000</b>
00	<b>DEFERRED TAXES (Note 2) .....</b>	<b>44,935,000</b>	<b>32,858,000</b>
00	<b>5% CONVERTIBLE SUBORDINATED DEBENTURES - DUE 1993 (Note 5) .....</b>	<b>32,528,000</b>	<b>32,523,000</b>
00	<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 11) .....</b>		
00	<b>SHAREHOLDERS' EQUITY:</b>		
	Serial preferred stock, par value \$1 per share;		
	authorized, 4,000,000 shares:		
00	\$1.875 cumulative convertible shares; outstanding,		
00	1977, 706,000 shares; 1976, 784,000 shares; aggregate		
00	involuntary liquidation value, 1977, \$14,235,000;		
00	1976, \$15,795,000 (Note 6) .....	706,000	784,000
00	\$2.00 cumulative convertible shares; outstanding, 1977 and		
00	1976, 321,000 shares; aggregate involuntary liquidation		
00	value, 1977 and 1976, \$6,427,000 (Note 6) .....	321,000	321,000
	Common stock, par value 50 cents per share; authorized		
	20,000,000 shares; outstanding 1977, 8,790,000 shares; 1976,		
	9,543,000 shares (Notes 7 and 9) .....	4,395,000	4,774,000
	Capital surplus (Notes 7 and 9) .....	10,988,000	33,988,000
	Earned surplus (Note 1) .....	309,093,000	273,128,000
	<b>Total shareholders' equity .....</b>	<b>325,503,000</b>	<b>312,995,000</b>
00	<b>TOTAL .....</b>	<b>\$1,021,687,000</b>	<b>\$1,001,011,000</b>

to Financial Statements

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OGDEN CORPORATION

BALANCE SHEETS, DECEMBER 31, 1977 AND 1976

ASSETS	1977	1976	LIABILITIES AND SHAREHOLDERS' EQUITY
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES</b>
Cash (Note 10) .....	\$ 314,000	\$ 153,000	Accounts payable
Receivables .....	4,000		Accounts payable
Accounts and notes receivable from subsidiaries .....	24,290,000	8,624,000	Federal taxes on
Total current assets .....	24,608,000	3,777,000	Accrued liabilities
			Interest .....
			Taxes, other than
			Other .....
<b>INVESTMENTS IN CONSOLIDATED SUBSIDIARIES (at equity in net assets (Note 1 and Schedule III) .....</b>	<b>385,944,000</b>	<b>366,077,000</b>	
<b>OTHER ASSETS:</b>			<b>LONG-TERM DEBT (Note 1)</b>
Intercompany receivables (Schedule IV) .....	12,913,000	12,243,000	RESERVES (Schedule IV)
Goodwill (Note 1) .....	6,107,000	6,107,000	DEFERRED TAXES (Note 1)
Miscellaneous .....	642,000	677,000	5% CONVERTIBLE SUBORDINATE DEBT
Total other assets .....	19,662,000	19,027,000	COMMITMENTS AND CONTINGENCIES
			<b>SHAREHOLDERS' EQUITY</b>
			Serial preferred
			authorized, 4,000,000 shares
			\$1.875 cumulative
			1977, 706,000
			1976, 706,000
			\$15,795,000
			\$2.00 cumulative
			1976, 321,000
			value, 1977
			Common stock, par
			20,000,000 shares
			1976, 9,548,000
			Capital surplus (Note 1)
			Earned surplus (Note 1)
<b>TOTAL .....</b>	<b>\$430,214,000</b>	<b>\$393,881,000</b>	

See Notes to Financial Statements

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OGDEN CORPORATION

STATEMENTS, DECEMBER 31, 1977 AND 1976

1976	LIABILITIES AND SHAREHOLDERS' EQUITY		1977	1976
	<b>CURRENT LIABILITIES:</b>			
153,000	Accounts payable .....	\$ 12,000	\$ 4,000	
	Accounts payable to subsidiaries .....	14,300,000	1,924,000	
	Federal taxes on income .....	134,000	(532,000)	
524,000	Accrued liabilities:			
	Interest .....	674,000	629,000	
777,000	Taxes, other than Federal taxes on income .....	84,000	69,000	
	Other .....	373,000	206,000	
	Total current liabilities .....	15,627,000	2,300,000	
777,000	LONG-TERM DEBT (Note 4) .....	36,000,000	27,500,000	
243,000	RESERVES (Schedule XII) .....	22,000	25,000	
107,000	DEFERRED TAXES (Note 2) .....	3,077,000	1,076,000	
777,000	5% CONVERTIBLE SUBORDINATED DEBENTURES - DUE 1993 (Note 5) .....	49,985,000	49,985,000	
27,000	COMMITMENTS AND CONTINGENT LIABILITIES (Note 11) .....			
	<b>SHAREHOLDERS' EQUITY:</b>			
	Serial preferred stock, par value \$1 per share; authorized, 4,000,000 shares:			
	\$1.875 cumulative convertible shares; outstanding, 1977, 706,000 shares; 1976, 784,000 shares; aggregate involuntary liquidation value, 1977, \$14,235,000; 1976, \$15,795,000 (Note 6) .....	706,000	784,000	
	\$2.00 cumulative convertible shares; outstanding, 1977 and 1976, 321,000 shares; aggregate involuntary liquidation value, 1977 and 1976, \$6,427,000 (Note 6) .....	321,000	321,000	
	Common stock, par value 50 cents per share; authorized, 20,000,000 shares; outstanding, 1977, 8,790,000 shares; 1976, 9,548,000 shares (Notes 7 and 9) .....	4,395,000	4,774,000	
	Capital surplus (Notes 7 and 9) .....	10,988,000	33,988,000	
	Earned surplus (Note 1) .....	309,093,000	273,128,000	
	Total shareholders' equity .....	325,503,000	312,995,000	
81,000	<b>TOTAL</b> .....	\$430,214,000	\$393,881,000	

Notes to Financial Statements

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OGDEN CORPORATION AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME AND EARNED SURPLUS

FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	1977	1976
<b>INCOME:</b>		
Net sales .....	\$1,307,020,000	\$1,290,381,000
Service revenues .....	255,251,000	267,002,000
Total net sales and service revenues ...	1,592,271,000	1,557,473,000
Other Income:		
Equity in net income of unconsolidated subsidiaries .....	4,325,000	3,200,000
Interest .....	4,957,000	3,129,000
Miscellaneous .....	11,312,000	3,735,000
Total income .....	1,613,365,000	1,571,557,000
<b>COSTS AND EXPENSES:</b>		
Cost of goods sold (Notes 2 and 3) .....	1,173,324,000	1,159,200,000
Operating expenses .....	231,405,000	212,336,000
Selling, administrative and general expenses ...	90,216,000	87,412,000
Interest costs incurred .....	32,111,000	30,209,000
Less interest capitalized (Note 2) .....	(365,000)	(1,610,000)
Miscellaneous .....	7,269,000	5,548,000
Provision for taxes on income:		
Federal (Note 2) .....	27,673,000	28,666,000
Foreign .....	1,803,000	752,000
Total costs and expenses .....	1,563,336,000	1,523,292,000
<b>NET INCOME</b> .....	50,029,000	48,253,000
<b>EARNED SURPLUS, BEGINNING OF YEAR</b> .....	273,123,000	237,761,000
Total .....	323,157,000	286,019,000
<b>LESS:</b>		
Cash dividends:		
\$1.875 preferred stock .....	1,533,000	1,700,000
\$2.00 preferred stock .....	643,000	643,000
Common stock, \$1.30 per share in 1977, \$1.10 per share in 1976 .....	11,882,000	10,548,000
Total .....	14,058,000	12,891,000
<b>EARNED SURPLUS, END OF YEAR</b> .....	\$ 309,093,000	\$ 273,123,000
<b>EARNINGS PER COMMON SHARE (Note 2)</b> .....	\$5.16	\$4.76
<b>EARNINGS PER COMMON SHARE - ASSUMING FULL DILUTION (Note 2)</b> .....	\$4.17	\$4.13

See Notes to Financial Statements

OGDEN CORPORATION

STATEMENTS OF INCOME AND EARNED SURPLUS

FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
INCOME:		
Equity in net income of consolidated subsidiaries For the year (Note 1) (Schedule III) .....	\$ 41,750,000	\$ 41,410,000
Other (including interest from subsidiaries, 1977, \$1,196,000; 1976, \$147,000) .....	<u>1,321,000</u>	<u>215,000</u>
Total income .....	<u>43,071,000</u>	<u>41,624,000</u>
COSTS AND EXPENSES:		
Selling, administrative and general expenses ....	1,131,000	313,000
Interest costs incurred .....	5,501,000	4,332,000
Miscellaneous .....	120,000	51,000
(Credit) for Federal income taxes (Note 2) .....	<u>(13,760,000)</u>	<u>(12,325,000)</u>
Total costs and expenses .....	<u>(6,950,000)</u>	<u>(6,624,000)</u>
NET INCOME .....	50,020,000	48,253,000
EARNED SURPLUS, BEGINNING OF YEAR .....	<u>273,123,000</u>	<u>237,761,000</u>
Total .....	<u>323,157,000</u>	<u>286,014,000</u>
LESS:		
Cash dividends:		
\$1.875 preferred stock .....	1,533,000	1,700,000
\$2.00 preferred stock .....	643,000	643,000
Common stock, \$1.30 per share in 1977, \$1.10 per share in 1976 .....	<u>11,863,000</u>	<u>10,543,000</u>
Total .....	<u>14,039,000</u>	<u>12,886,000</u>
EARNED SURPLUS, END OF YEAR .....	<u>\$302,023,000</u>	<u>\$273,123,000</u>

See Notes to Financial Statements

OCDEEN CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CONSOLIDATED FINANCIAL POSITION:

FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
Source of Working Capital:		
Operations:		
Net income .....	\$ 50,029,000	\$ 43,258,000
Depreciation and amortization .....	33,693,000	35,434,000
Increase in deferred taxes - non-current portion ...	9,739,000	14,032,000
Equity in net income of unconsolidated subsidiaries .....	(4,325,000)	(2,220,000)
Other - net .....	<u>5,661,000</u>	<u>6,642,000</u>
Working capital provided from operations ....	99,847,000	102,176,000
Proceeds from exercise of stock options .....	1,115,000	952,000
New long-term borrowings .....	57,411,000	100,403,000
Sales and retirements of property, plant, and equipment .....	3,577,000	5,708,000
Other - net .....	<u>3,104,000</u>	<u>2,977,000</u>
Total .....	<u>171,054,000</u>	<u>223,136,000</u>
Application of Working Capital:		
Additions to property, plant, and equipment .....	32,136,000	40,344,000
Capitalized leases - net .....	6,641,000	
Dividends .....	14,064,000	12,391,000
Reduction in long-term debt .....	70,736,000	37,280,000
Purchase of treasury stock .....	24,571,000	4,533,000
Deposits to restricted and capital construction funds.	6,562,000	10,865,000
Other - net .....	<u>33,673,000</u>	<u>12,236,000</u>
Total .....	<u>183,443,000</u>	<u>177,779,000</u>
Increase (decrease) in Working Capital .....	<u>\$ (17,389,000)</u>	<u>\$ 50,337,000</u>
Changes in Working Capital:		
Increase (decrease) in current assets:		
Cash .....	\$ (5,159,000)	\$ 26,031,000
Receivables .....	4,165,000	2,753,000
Inventories .....	(253,000)	20,331,000
Other .....	<u>6,535,000</u>	<u>5,166,000</u>
Net change in current assets .....	<u>5,223,000</u>	<u>54,336,000</u>
Increase (decrease) in current liabilities:		
Notes payable and current portion of long-term debt .....	(2,001,000)	(11,175,000)
Accounts payable .....	1,136,000	3,167,000
Federal and foreign taxes on income .....	12,239,000	6,000,000
Accrued expenses, etc. ....	<u>11,293,000</u>	<u>1,507,000</u>
Net change in current liabilities .....	<u>22,672,000</u>	<u>4,499,000</u>
Increase (decrease) in Working Capital .....	<u>\$ (17,389,000)</u>	<u>\$ 50,337,000</u>

See Notes to Financial Statements

OGDEN CORPORATION

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
<b>SOURCE OF WORKING CAPITAL:</b>		
Operations:		
Net income for the year .....	\$ 50,029,000	\$ 43,253,000
Increase in deferred taxes - non-current portion.	1,276,000	1,076,000
Equity in net income of subsidiaries .....	(41,750,000)	(41,419,000)
Other - net .....	<u>45,000</u>	<u>(6,000)</u>
Working capital provided from operations .....	9,600,000	7,900,000
Proceeds from redemption of preferred stock by subsidiary .....	5,923,000	
Proceeds from exercise of stock options .....	1,115,000	852,000
New long-term borrowings .....	36,000,000	
Dividends from subsidiaries .....	15,000,000	25,820,000
Other - net .....	<u>725,000</u>	
Total .....	<u>68,363,000</u>	<u>31,590,000</u>
<b>APPLICATION OF WORKING CAPITAL:</b>		
Dividends .....	14,064,000	12,391,000
Reduction in long-term debt .....	27,500,000	
Purchase of treasury stock .....	23,332,000	2,317,000
Other - net .....	293,000	932,000
Increase in intercompany receivables .....	<u>670,000</u>	<u>922,000</u>
Total .....	<u>65,864,000</u>	<u>17,062,000</u>
Increase in Working Capital .....	<u>\$ 2,504,000</u>	<u>\$ 17,528,000</u>
<b>CHANGES IN WORKING CAPITAL:</b>		
Increase in current assets:		
Cash .....	\$ 161,000	\$ 85,000
Receivables .....	4,000	
Accounts and notes receivable from subsidiaries .....	<u>15,666,000</u>	<u>8,139,000</u>
Net change in current assets .....	<u>15,831,000</u>	<u>8,274,000</u>
Increase (decrease) in current liabilities:		
Current portion of long-term debt .....		(7,500,000)
Accounts payable .....	3,000	(7,000)
Federal taxes on income .....	715,000	(3,052,000)
Accrued liabilities .....	227,000	(277,000)
Accounts payable to subsidiaries .....	<u>12,376,000</u>	<u>1,582,000</u>
Net change in current liabilities .....	<u>13,327,000</u>	<u>(7,254,000)</u>
Increase in Working Capital .....	<u>\$ 2,504,000</u>	<u>\$ 17,528,000</u>

See Notes to Financial Statements

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OGDEN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION, ETC.

The consolidated financial statements include the accounts of Ogden Corporation and its subsidiaries, with the exception of four finance subsidiaries, including Shaker Savings Association, and one minor company in the process of liquidation. The investments in the four finance subsidiaries are stated at the Corporation's equity in their net assets. At December 31, 1977 and 1976, consolidated earned surplus included undistributed earnings of these subsidiaries amounting to \$28,221,000 and \$25,066,000, respectively.

The Corporation carries its investments in consolidated subsidiaries at its equity in the underlying net assets of the subsidiaries. At December 31, 1977 and 1976, the Corporation's earned surplus included undistributed earnings of these subsidiaries amounting to \$314,516,000 and \$287,766,000, respectively.

Goodwill, which was acquired prior to 1970, is not being amortized because, in the opinion of management, there has been no diminution of value.

In 1977 and 1976 dividends of \$1,171,000 and \$1,170,000 respectively, were received from unconsolidated subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

Contracts

Subsidiaries engaged in shipbuilding and the operation of foreign ships record income on the percentage of completion method of accounting and recognize income as the work progresses. Domestic shipping companies record income on the terminated voyage method of accounting and recognize income at the completion of each voyage. Under both methods of accounting, estimated losses are provided in full.

The following tabulation shows the component elements of accounts receivable from long-term shipbuilding contracts:

	<u>1977</u>	<u>1976</u>
<u>U.S. Government</u>		
Amounts billed .....	\$ 3,553,000	\$ 12,000
Recoverable costs and accrued profit on progress completed - not billed .	<u>3,287,000</u>	<u>1,245,000</u>
Total Government Receivables .....	<u>6,840,000</u>	<u>1,257,000</u>
<u>Commercial Customers</u>		
Amounts billed .....	17,360,000	17,800,000
Recoverable costs and accrued profit on progress completed - not billed .	<u>16,121,000</u>	<u>14,260,000</u>
Total Commercial Receivables .....	<u>33,481,000</u>	<u>32,060,000</u>
Total Accounts Receivable ....	<u>\$40,321,000</u>	<u>\$33,316,000</u>

Recoverable costs and accrued profit on progress completed, not billed, represent work performed on contracts which were not billable to customers at the balance sheet dates under the terms of the respective contracts.

#### Foreign Exchange

Substantially all of the Corporation's long-term debt payable in foreign currency, except for Canadian dollar mortgage debt on two ships, is covered by long-term ship charters which will be collected in the related foreign currency, thus eliminating exposure to exchange fluctuations with respect to such debt. Exchange gains of \$2,337,000 for 1977 and \$351,000 for 1976 have been included in income for those years.

#### Inventories

Inventories are recorded principally at the lower of cost (average; actual; retail; first-in, first-out; last-in, first-out) or market.

#### Leases

The Company elected early application of Financial Accounting Standard #13, "Accounting For Leases" (FAS #13) and has recorded as capital leases in the accompanying balance sheet as at December 31, 1977 all leases of the Company meeting the appropriate criteria. Prior year's financial statements have not been restated since the effect of adoption of FAS #13 on financial position and net income for such periods is not material.

#### Depreciation and Amortization

Depreciation is provided on the straight-line, declining balance, or sum-of-the-years-digits methods based on the following estimated useful lives of the assets:

Buildings and improvements .....	5 to 50 years
Machinery, equipment and furniture.	2 to 20 years
Vessels .....	4 to 25 years

Accelerated depreciation is generally used for Federal income tax purposes.

When property is retired or otherwise disposed of, the book value of the asset is generally eliminated from the property account and the accumulated depreciation from the depreciation reserve, the resulting gain or loss, if any, being transferred to income.

Maintenance and repairs are charged to income. Betterments and renewals are capitalized.

Leasehold improvements are generally amortized on the straight-line method over the terms of the leases or the estimated useful lives of the improvements as appropriate.

#### Retirement Plans

The Corporation and certain subsidiaries have a number of pension plans covering substantially all salaried employees and certain hourly employees meeting certain qualifying conditions. The Corporation's general policy is to fund pension costs accrued. Total pension expense for the years 1977 and 1976 was \$9,089,000 and \$7,890,000, respectively, which include amortization of past service costs over periods up to thirty years.

The estimated unfunded past service costs under the plans at December 31, 1977 and 1976 were approximately \$24,145,000 and \$25,294,000 respectively.

### Interest Capitalized

The Corporation and its subsidiaries charge to the cost of certain capital assets interest incurred during the period of construction. These assets are amortized over their estimated useful lives. For 1977 and 1976, respectively, \$363,000 and \$1,610,000 of interest costs were charged to assets during construction and \$579,000 and \$515,000 of interest costs so capitalized were expensed. The effect of following this policy of interest capitalization versus a policy of expensing interest currently was to decrease net income for 1977 by \$146,000 and increase net income in 1976 by \$1,163,000.

### Federal Income Taxes

The Corporation files a consolidated Federal income tax return for all eligible United States subsidiary companies and charges the individual companies with their proportionate shares of the current consolidated provision for such taxes, which was determined as if each subsidiary company filed a separate Federal income tax return.

Foreign subsidiaries are taxed according to regulations existing in the country in which they do business. In most instances, these foreign subsidiaries pay lower taxes (if any) than they would if they operated in the United States.

The Corporation's overall tax provision for 1977 and 1976 amounted to \$30,830,000 and \$30,503,000, respectively, (including \$1,354,000 and \$1,085,000 for 1977 and 1976, respectively, relating to the earnings of unconsolidated subsidiaries, such amounts having been netted against the Corporation's equity in the earnings of such subsidiaries) and for 1977 it was approximately 1% or \$7,982,000 less than if computed at the normal U.S. Federal income tax rate. In 1976, the overall tax rate was approximately 2% or \$7,302,000 less than if computed at the normal rates.

The reductions in the tax provision in 1977 and 1976 arise from the following:

	<u>1977</u>	<u>1976</u>
Investment tax credit .....	\$2,970,000	\$2,739,000
Earnings of foreign shipping companies .....	3,632,000	2,203,000
Other - net .....	<u>1,330,000</u>	<u>2,360,000</u>
Total .....	<u>\$7,982,000</u>	<u>\$7,302,000</u>



Provision has not been made for U.S. income taxes on distributions which may be received from foreign subsidiaries that would be substantially offset by foreign tax credits, or on undistributed earnings of foreign shipping companies and Domestic International Sales Corporations (DISC), which earnings are considered to be permanently invested in the related operations. Earnings considered permanently invested amounted to \$8,303,000 and \$7,766,000 for 1977 and 1976, respectively, and at December 31, 1977 earned surplus included untaxed, undistributed earnings of these subsidiaries amounting to \$49,516,000.

Shaker Savings Association is also included in the Ogden consolidated group for Federal income tax purposes. The effective income tax rate for Savings and Loan Associations on a separate return basis is approximately 23% under special provisions of the Internal Revenue Code which permit them to deduct amounts appropriated to general reserves in computing the amount subject to tax. Under Federal income tax laws, these reserves are available only for absorbing losses on loans, and, if used for any other purpose, a tax liability would be imposed on the Association at the then current Federal income tax rates. At December 31, 1977, Shaker Savings Association had \$20,932,000 in such reserves.

The investment credit is accounted for on the "flow through" method, and provisions for income taxes have been reduced by the entire amount of investment credit earned, which amounted to \$2,970,000 and \$2,739,000 for 1977 and 1976, respectively.

Provisions for Federal income taxes include charges of \$29,746,000 and \$14,032,000 for 1977 and 1976, respectively, for deferred Federal income taxes arising from differences between tax and financial reporting.

These differences in 1977 and 1976 and the tax effect of each were as follows:

	Charge	
	1977	1976
Excess of tax over book depreciation .....	\$ 4,504,000	\$ 3,873,000
Difference in the tax and financial reporting of reserves and other accrued expenses - net ..	562,000	1,623,000
Difference in recording income and expenses on contracts for financial and tax reporting ...	13,957,000	5,247,000
Earnings deposited in capital construction funds (CCF) - deductible for tax purposes ...	3,156,000	3,271,000
Other - net .....	<u>1,467,000</u>	<u>13,000</u>
Total .....	<u>\$23,746,000</u>	<u>\$14,032,000</u>

At December 31, 1977 and 1976, the current Federal income tax liability included deferred taxes of \$20,499,000 and \$1,542,000, respectively.

### Earnings Per Share

Earnings per common share were computed by dividing income, reduced by preferred stock dividend requirements, by the weighted average of the number of shares of the common stock and common stock equivalents outstanding during each year.

Earnings per common share, assuming full dilution, were computed on the assumption that all convertible debentures and preferred stock converted during each year, or outstanding at the end of each year, were converted at the beginning of each year. This computation provides for elimination of convertible debenture interest and preferred dividends.

### 3. INVENTORIES

Inventories used in determining cost of goods sold are as follows:

	(Consolidated) December 31	
	1977	1976
Finished goods .....	\$125,336,000	\$111,560,000
Raw materials, supplies, and products in process .....	60,724,000	51,965,000
Scrap metals, etc. ....	11,561,000	34,334,000
Total .....	<u>\$197,651,000</u>	<u>\$197,900,000</u>

Certain inventories were valued at LIFO. If such inventories were shown at current cost (determined by the average cost method) rather than at LIFO values, inventories would have been \$1,570,000 and \$5,092,000 higher than reported at December 31, 1977 and December 31, 1976, respectively. Inventories at January 1, 1976 amounted to \$177,028,000.

4. LONG-TERM DEBT

Long-term debt at December 31, 1977 consisted of the following:

Corporation:

8.5% notes payable in eight semi-annual installments of \$4,500,000 in 1981 to 1985 (E)..... \$ 36,000,000

Consolidated:

8.25% notes payable in annual installments of \$5,000,000 in 1979 to 1986 and \$6,000,000 in 1987 to 1996 ..... \$100,000,000

8.50% notes payable in eight semi-annual installments of \$4,500,000 in 1981 to 1985 (E) ..... 36,000,000

Mortgage notes on vessels: (A)  
5.0% to 7.75% payable in varying installments to 1989 ..... 96,366,000

At variable rates above floating prime, payable in varying installments to 1989 ... 34,403,000  
8.8% and 9.3% mortgage notes on drydock payable in semi-annual installments to 2000 (B) ..... 17,072,000

Notes at 1/2% above floating prime, payable in varying installments to 1983 (C) ..... 2,380,000

Eurodollar notes at 1% to 1-1/2% over London Interbank offering rate, payable in varying installments to 1980 ..... 30,000,000

Capitalized leases ..... 3,641,000

Miscellaneous (D) ..... 6,713,000

Total ..... \$332,875,000

- \* Excludes amounts due within one year amounting to \$33,667,000.
- (A) Collateralized by vessels having a book value of \$245,030,000.
- (B) Collateralized by a drydock having a book value of \$22,991,000.
- (C) Collateralized by land and buildings having a book value of \$21,513,000.
- (D) Collateralized by land, buildings, and machinery having a book value of \$9,375,000.
- (E) The 8.5% notes of Ogden Corporation were issued under an agreement which contains various restrictions, the most significant being the requirement to maintain "Tangible Net Worth" of \$260,000,000. At December 31, 1977 the Corporation had approximately \$59,000,000 in excess of the required amount.

The maturities on the long-term debt for the five years following December 31, 1977 are as follows:

	Consolidated	Corporation
1978 .....	\$ 33,667,000	
1979 .....	55,951,000	
1980 .....	56,377,000	
1981 .....	35,220,000	\$ 4,500,000
1982 .....	47,339,000	9,000,000

Long-term debt at December 31, 1976 consisted of the following:

Corporation:

Notes at 1/2% above floating prime payable in varying installments to 1979 ..... \$ 27,500,000(A)

Consolidated:

8.25% notes payable in annual installments of \$5,000,000 in 1979 to 1986 and \$6,000,000 in 1987 to 1996 .....	\$100,000,000
Mortgage notes on vessels:	
5.0% to 7.75% payable in varying installments to 1989 .....	109,372,000
At variable rates above floating prime, payable in varying installments to 1982 ...	40,742,000
8.8% and 9.3% mortgage notes on drydock payable in semi-annual installments to 2000 .....	17,848,000
Notes at 1/2% above floating prime, payable in varying installments to 1983 .....	40,230,000
Eurodollar notes at 1% to 1-1/2% over London interbank offering rate, payable in varying installments to 1985 .....	30,303,000
Miscellaneous .....	<u>7,165,000</u>
Total .....	\$346,200,000

- \* Excludes amounts due within one year amounting to \$35,662,000.  
 (A) The above tabulation reflects the Corporation's refinancing in January, 1977 of \$27,500,000 of long-term debt including \$10,000,000 due in 1977 from the proceeds of \$36,000,000 in bank term loans. The new loans bear interest at 8-1/2%, mature in 1985, and are repayable in eight semi-annual installments commencing in 1981.

5. 5% CONVERTIBLE SUBORDINATED DEBENTURES

At December 31, 1977, there were outstanding \$32,523,000 of 5% Convertible Subordinated Debentures, which are convertible into common stock of the Corporation at the rate of one share for each \$50 principal amount of Debentures. The Debentures are redeemable at the option of the Corporation at 103.2% of principal amount during the year commencing June 1, 1977, and at decreasing prices thereafter. The Indenture provides that on or before May 31 of each year from 1979 to 1992, the Corporation will make a sinking fund payment in an amount sufficient to retire 5% of the aggregate principal amount of the Debentures outstanding at December 31, 1973. The Debentures are subordinated to all existing and future debt of the Corporation with limited exceptions. At December 31, 1977 consolidated subsidiaries held Debentures having a face value of \$17,457,000.

6. PREFERRED STOCK

The outstanding \$1.875 cumulative convertible preferred stock is convertible at any time at the rate of 1.5417 common shares for each preferred share. The Corporation may redeem the outstanding shares of preferred stock at \$51.50 per share during the year commencing March 29, 1977, which price shall decline by \$.25 on March 29 of each year thereafter to \$50 per share, plus all accrued dividends. These preferred shares are entitled to receive cumulative annual dividends at the rate of \$1.875 per share, plus an amount equal to 50% of the excess, if any, by which the dividend paid or any cash distribution made on the common stock in the preceding calendar quarter exceeded \$.20 per share. In 1977 and 1976, dividends of \$2.10 and \$2.125, respectively, were paid on these preferred shares. During 1977 and 1976, the Company purchased 1,320 shares and 400 shares, respectively. 75,591 shares and 24,139 shares were converted into 116,507 shares and 37,235 shares of common stock in 1977 and 1976, respectively.

The outstanding \$2 cumulative convertible preferred stock is convertible at any time at the rate of one common share for each preferred share. The Corporation may redeem the outstanding shares of preferred stock at any time at \$51.75 per share during the year commencing February 28, 1977, which price shall decline by \$.25 on February 28 of each year thereafter to \$50 per share, plus all accrued dividends. These preferred shares are entitled to receive cumulative annual dividends at the rate of \$2 per share.

In the opinion of management, earned surplus will not be restricted as to the payment of dividends on Ogden common stock by reason of the liquidation preference of the preferred stocks.

7. CHANGES IN COMMON STOCK AND CAPITAL SURPLUS, CORPORATION AND CONSOLIDATED

	1977		1976	
	Common Stock	Capital Surplus	Common Stock	Capital Surplus
Balance at beginning of year .....	\$4,774,000	\$33,938,000	\$4,837,000	\$37,632,000
Exercise of stock options .....	30,000	1,076,000	50,000	320,000
Conversion of preferred shares ...	58,000	17,000	19,000	5,000
Purchase of treasury shares .....	(146,000)	(24,093,000)	(112,000)	(4,471,000)
Balance at end of year	<u>\$4,395,000</u>	<u>\$10,928,000</u>	<u>\$4,774,000</u>	<u>\$33,085,000</u>

8. INFORMATION CONCERNING COMPANY OPERATIONS IN DIFFERENT INDUSTRIES

Year Ended December 31, 1977	<u>Revenues</u>	<u>Operating Profit</u>	<u>Identifiable Assets</u>	<u>Depreciation and Amortization</u>	<u>Capital Additions</u>
Marine Construction .....	\$ 426,774,000	\$ 46,432,000	\$ 203,586,000	\$ 9,449,000	\$ 8,979,000
Shipping .....	98,226,000	29,464,000	328,983,000	12,311,000	2,785,000
Marine Terminals .....	116,679,000	1,261,000	35,006,000	2,258,000	8,414,000
Metals .....	584,934,000	16,564,000	137,495,000	4,554,000	6,972,000
Food and Leisure Services .....	200,085,000	4,885,000	76,855,000	5,773,000	5,409,000
Food Products .....	138,328,000	7,566,000	166,746,000	3,309,000	10,026,000
Other .....	27,245,000	1,811,000	53,884,000	685,000	1,271,000
Corporate .....	<u>                    </u>	<u>                    </u>	<u>19,132,000</u>	<u>354,000</u>	<u>26,000</u>
Consolidated .....	<u>\$1,592,271,000</u>	<u>\$107,983,000</u>	<u>\$1,021,687,000</u>	<u>\$38,693,000</u>	<u>\$43,882,000</u>

The Company operates principally within three major activity areas: Transportation, Metals, and Foods. Operations in Transportation involve marine construction and repair, the owning and operation of a U.S. and foreign-flag fleet of 30 vessels, and marine terminal operations. The Metals area consists of ferrous scrap operations, secondary aluminum and copper activities, and the production and repair of special-purpose railroad cars, and the fabrication of custom metal components and cabinetry equipment. Food and Leisure Services includes the operation of food contract services and concessions at various stadiums, race-tracks, theatres, and other public and private facilities, fast food restaurants, and the operation of thoroughbred, harness, and greyhound racing facilities. Food Products operations involve the canning of fruits and vegetables at four canneries in California and the operation of a meat packing plant in Paraguay.

Total revenue by industry reflects sales to unaffiliated customers. Intersegment sales which amounted to \$1,467,000 for 1977 have not been shown separately since they are not significant. In computing operating profit (total revenue less operating expenses), none of the following has been added or deducted: unallocated general corporate expenses, interest expense, interest income, and income taxes. Corporate expenses of \$1,638,000 and net interest expense of \$26,790,000 are deductible from consolidated operating profit to arrive at income before Federal and foreign income taxes of \$79,505,000.

Identifiable assets by industry are those assets that are used in the Company's operations in each industry. Corporate assets are principally cash and intangible assets.

Operating profit and identifiable assets shown for "Other" include equity in net income of unconsolidated subsidiaries of \$4,325,000 and investment in unconsolidated subsidiaries of \$29,853,000, respectively.

For the year ended December 31, 1977, the Company's foreign operations, which consist principally of foreign-flag maritime shipping operations, accounted for net sales and service revenues to unaffiliated customers of \$59,385,000, operating profits of \$25,369,000, depreciation of \$10,067,000 and capital additions of \$3,317,000. At December 31, 1977, identifiable assets relating to foreign operations amounted to \$266,984,000.

9. STOCK OPTION PLAN

In September, 1967 the Corporation adopted a qualified stock option plan for key management employees which reserved 300,000 shares of common stock for issuance under the plan. During 1969 an additional 300,000 shares of common stock were reserved for issuance. Options under the plan are granted at not less than fair market value of the common shares on the date of the grant and are exercisable during a five-year period from date of grant.

At December 31, 1977 shares were under option for this plan as follows:

Year of Grant	Number of Shares	Option Price (Market Value At Dates Options Granted)	
		Per Share	Total
1973	15,500	13.38 to 15.34	\$224,096
1974	41,550	14.63	607,877
	<u>57,050</u>		<u>\$831,973</u>

Options Becoming Exercisable During	Number of Shares	Option Price	Market Value At Dates First Exercisable	
			Range Per Share	Total
1976	39,250	13.88 to 16.50	17.50 to 23.00	\$ 725,000
1977	36,650	13.88 to 16.38	23.75 to 28.25	913,000

Options exercised during 1977 and 1976 are as follows:

Year	Number of Shares	Option Price		Market Value at Dates Exercised	
		Per Share	Total	Per Share	Total
1976	52,325	13.57 to 16.50	\$ 851,603	18.12 to 23.12	\$1,224,150
1977	73,100	13.98 to 15.38	1,115,405	21.24 to 24.94	2,025,394

Options for 2,700 shares and 7,375 shares having an aggregate option price of \$39,601 and \$101,961 were cancelled in 1977 and 1976, respectively. As of December 31, 1977, no additional options may be granted under this plan. At December 31, 1977, 21,050 of the shares under option were exercisable.

The excess of the proceeds received upon exercise of options over par value of the shares issued is credited to capital surplus. No charge is made to income with respect to options.



As of December 31, 1977 no other shares are reserved for options, warrants, conversions, or other rights, except 1,410,504 shares of common stock reserved for the conversion of preferred stock (Note 6) and 650,560 shares reserved for the conversion of the convertible debentures (Note 5).

10. CASH AND LINES OF CREDIT FROM BANKS

Ogden and its subsidiaries maintain accounts with a number of United States and foreign banks which provide lines of short-term credit and/or term loans. The Corporation maintains compensating balances against lines of credit and related borrowings under generally informal arrangements with some banks in the United States, which are generally equivalent over a period of time to 10% of the credit line, and an additional 1% of any borrowings thereunder. Normal operating cash requirements of the Corporation are a significant portion of these balances. Such funds are maintained in demand deposit accounts and are not subject to withdrawal restrictions. During 1977 and 1976 the average compensating balances required to be maintained under these agreements based on bank records amounted to approximately \$15,710,000 and \$24,500,000, respectively. Based on borrowings and available lines of credit at December 31, 1977 and 1976 such amounts were approximately \$14,437,000 and \$12,931,000, respectively. The average balances for 1977 and 1976, reflected on the Corporation's records for these banks amounted to approximately \$10,683,000 and \$13,628,000, respectively, which exceeded the required amounts. The difference between the banks' actual collected balances and the Corporation's records represents "float".

Interest on short term borrowings is charged at the prime rate; the amount of unused available borrowings under the lines of credit and commitments was \$149,500,000 at December 31, 1977. The lines of credit are approved annually by the banks, but can be withdrawn at any time at the option of the banks. There were no short-term borrowings in 1977. The average amounts of short term debt outstanding during 1976 was \$28,871,000 and with an average interest rate of 7%. The maximum amount of short term debt outstanding at any month end during 1976 was \$65,400,000.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The Corporation and certain of its subsidiaries are contingently liable as a result of transactions arising in the ordinary course of business including the guaranty of indebtedness of customers and others of approximately \$9,000,000 and are involved in anti-trust and other legal proceedings in which damages and other remedies are sought. In the opinion of management, after review with counsel, the eventual disposition of these matters will not have a material adverse effect on the Corporation's consolidated financial position.

At December 31, 1977, Oxyden Marine, Inc. had one foreign-flag vessel under construction for which the company was liable for future costs of \$20,625,000. This vessel was delivered in January, 1978, and a five-year time charter has been arranged.

## 12. LEASES

### Operating Leases

Total rental expense amounted to \$24,486,000 (net of sublease income of \$452,000) and \$25,093,000 (net of sublease income of \$2,753,000) for 1977 and 1976, respectively. Included in rental expense are amounts, based on contingent factors, principally sales, in excess of minimum rentals amounting to \$3,668,000 and \$2,882,000 for 1977 and 1976, respectively. Principal leases are for leaseholds, trucks, automobiles, machinery, and equipment.

The following is a schedule by year, of future minimum rental payments, net of income from related subleases in the average amount of \$300,000 yearly through 1985, required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 1977.

1978 .....	\$12,977,000
1979 .....	11,693,000
1980 .....	3,987,000
1981 .....	6,613,000
1982 .....	6,013,000
Later years .....	27,923,000
Total .....	<u>\$74,217,000</u>

### Capital Leases

See Note 2 regarding the treatment of capital leases at December 31, 1977. Capitalized leases, at December 31, 1977, for machinery and equipment amounted to \$5,294,000 (net of accumulated amortization of \$6,302,000). Amortization of capital leases amounted to \$1,347,000 for 1977.

The following is a schedule, by year, of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 1977.

1978 .....	\$2,132,000
1979 .....	1,493,000
1980 .....	1,044,000
1981 .....	710,000
1982 .....	576,000
Later Years .....	<u>225,000</u>
Total minimum lease payments .....	\$6,350,000
Less: amount representing estimated executory costs included in total minimum lease payments..	<u>73,000</u>
Net minimum lease payments .....	\$6,277,000
Less: amount representing interest..	<u>1,015,000</u>
Present value of net minimum lease payments .....	<u>\$5,262,000</u>

13. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following reflect 1977 quarterly results:

Quarter ended	March 31	June 30	Sept. 30	Dec. 31
Net sales and service revenues	\$409,998,000	\$403,917,000	\$391,319,000	\$382,037,000
Gross profit	47,250,000	46,336,000	49,457,000	44,540,000
Net income	12,835,000	12,119,000	12,770,000	12,305,000
Earnings per common share	1.23	1.23	1.23	1.32
Earnings per common share - assuming full dilution	1.11	1.06	1.15	1.15

The following reflect 1976 quarterly results:

Quarter ended	March 31	June 30	Sept. 30	Dec. 31
Net sales and service revenues	\$378,684,000	\$375,043,000	\$416,509,000	\$367,732,000
Gross profit	45,550,000	43,656,000	50,326,000	45,675,000
Net income	12,317,000	12,232,000	12,330,000	11,323,000
Earnings per common share	1.20	1.22	1.22	1.12
Earnings per common share - assuming full dilution	1.05	1.05	1.06	.97

14. REPLACEMENT COST INFORMATION (UNAUDITED)

In compliance with the rules of the Securities and Exchange Commission, the Corporation has estimated certain replacement cost information for inventories, property, cost of sales and depreciation and amortization of productive capacity.

Although in management's opinion the replacement cost data disclosed herein has been estimated in a reasonable manner, management believes that this data is of very limited value because of the subjectivity necessarily involved in compiling these estimates. Accordingly, the data should not be construed to represent either the Corporation's intent to replace existing productive capacity, or the actual costs of such replacement or subsequent costs and expenses to be incurred in the productive process if such capacity were replaced in the manner described. In addition, the data required by the SEC excludes other favorable and unfavorable predictable inflationary effects on the Company's operations.

In view of the preceding, it is management's view that the replacement cost data presented herein cannot be meaningfully used to impute the effect of inflation on net income reported or on the balance sheet presented.

RECONCILIATION OF ACCOUNTS IN THE FINANCIAL STATEMENTS  
TO THOSE FOR WHICH REPLACEMENT COST ESTIMATES ARE DISCLOSED

December 31, 1977  
(In Thousands of Dollars)

	<u>Inventories</u>	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Cost of Goods Sold</u>	<u>Depreciation</u>
Total shown in the accompanying consoli- dated financial state- ments	\$177,651	\$159,528	\$261,584	\$1,173,224	\$38,142
Less: Amounts for which replacement cost data have not been provided:					
Operations not expected to be replaced at the end of their current economic lives		33,343	19,399	238	1,323
Operations relative to contracts performed to customer's specifi- cations and long-term contracts	34,616			375,391	
Land, at cost		19,555			
Construction in progress		8,597			
Historical amounts for which estimated replace- ment cost data have been provided	<u>\$163,935</u>	<u>\$698,033</u>	<u>\$242,185</u>	<u>\$ 797,595</u>	<u>\$36,825</u>

RECONCILIATION OF ACCOUNTS IN THE FINANCIAL STATEMENTS  
TO THOSE FOR WHICH REPLACEMENT COST ESTIMATES ARE DISCLOSED

December 31, 1976  
(In Thousands of Dollars)

	<u>Inventories</u>	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Cost of Goods Sold</u>	<u>Depreciation</u>
Total shown in the accompanying consolidated finan- cial statements	\$197,909	\$726,737	\$225,552	\$1,152,290	\$35,061
Less: Amounts for which replacement cost data have not been provided:					
Operations located outside North America	3,935	261,206	30,050	4,201	2,654
Operations not expected to be replaced at the end of their current economic lives		35,451	19,307	104	1,570
Operations relative to contracts per- formed to customer's specifications and long-term contracts	37,669			331,342	
Land, at cost		19,050			
Construction in progress (\$16,559 less \$3,375 included in estimated replace- ment cost data provided)		12,694			
Historical amounts for which estimated replacement cost data have been provided	<u>\$156,305</u>	<u>\$392,106</u>	<u>\$175,609</u>	<u>\$ 973,243</u>	<u>\$24,505</u>

Explanation of basic replacement assumptions and general estimations are as follows:

#### INVENTORIES AND COST OF GOODS SOLD

Replacement costs of raw material and ferrous and non-ferrous scrap inventories were determined for major items (approximately 73% of the inventory dollar value at year-end 1977 and 66% at year-end 1976) by reference to vendors invoices, catalog prices, suppliers and vendor's price quotes and published year end market prices. The remaining items in this category were adjusted to year-end replacement cost using an estimated composite rate for each subsidiary company. The cost of these items at the beginning of each year were determined to calculate price changes during each year.

Replacement cost of work in process and finished goods inventories have been determined by calculating the percentage change of each component of inventory, namely material, labor and overhead, compared to the historical cost of the respective components for each subsidiary during the average inventory period in which these costs were incurred as determined by average inventory turnover. The appropriate percentage increase was applied to the December 31 inventories to determine the estimated replacement cost of such inventories with the exception of finished goods inventory of canned fruits and vegetables, which were valued at the season packing cost less certain market value adjustments. Because of the uncertainty and wide fluctuation in raw product cost from season to season caused by conditions outside the control of the company such as weather and crop yields, it is not possible to estimate what the cost of replacing this inventory will be in a subsequent packing season not yet begun. Those elements of cost included in inventory for which replacement costs are ascertainable, such as tin plate, labor and overhead, have been incorporated into the estimated replacement cost calculation.

In accordance with the SEC staff accounting bulletins, the replacement costs of inventories and cost of goods sold have been excluded on operations applicable to long-term contracts where production is performed to customer specifications and purchases and expenditures are not committed until a binding contract is consummated. Most contracts contain escalation provisions recoverable from the customers. Contracts in these operations are reviewed currently for future cost estimates and under the percentage-of-completion method of accounting profits which are recorded are adjusted to such current costs estimates on a cumulative basis based upon percentage of completion and any projected losses on contracts are provided for in full at the time estimated, thereby reflecting current replacement costs. Estimated replacement cost data for operations outside North America were excluded for the year 1976 in accordance with the SEC requirements. Such operations have been included in the replacement data provided for the year 1977.



Both of these excluded operations represent approximately 32% of the historic consolidated cost of sales for the year 1977 and 29% for the year 1976.

Cost of goods sold on a replacement cost basis was calculated as close to the related date of sale as practicable. Historical costs were adjusted to the average time lag between incurring material, labor and overhead elements of inventory costs and their subsequent conversion to sales revenues. Consolidated cost of goods sold, including depreciation on a replacement cost basis, increases approximately 1.6% from that reported on a historic basis in 1977 and .7% in 1976.

#### PROPERTY, PLANT AND EQUIPMENT

The estimated replacement cost of buildings, plants, warehouses and leasehold improvements were determined by utilizing the unit pricing method whereby the general type of structure and condition were determined along with the square footage of the structure. The current cost to construct a similar type building by type of construction and condition, modified by regional and local adjusters, was derived from published construction cost information. Certain building and improvement cost replacements were derived by applying published construction cost indices to the acquisition price of these assets.

The replacement cost of machinery and equipment (representing approximately 86% of consolidated machinery and equipment for both years) was determined by employing the indexing method whereby historical costs, by the year of acquisition, were adjusted using various indices published by governmental and private organizations. The remaining machinery and equipment replacement cost was determined by employing the direct pricing method calculated by engineering estimates and current labor and overhead rates and an appraisal for one facility updated for each year by an appraisal company.

The replacement cost of vessels representing 95% of total vessel cost was based upon engineering estimates of construction costs for similar vessels at December 31, 1977.

The replacement cost of certain vessels whose total capacity could be replaced, due to technological change, by fewer but larger vessels to provide the same service reflects the cost of fewer but larger vessels. Based on estimates of replacement costs of these assets, operating efficiencies would lower direct operating costs by approximately \$4,250,000 in 1977 and \$4,000,000 in 1976 which have not been reflected in the data provided.

In accordance with Rule 3-17 of Regulation S-X, replacement cost information has not been provided for assets that will not be replaced at the end of their current economic lives due to obsolescence or lack of operating efficiency which amount to 4% of total property, plant and equipment at December 31, 1977 and 5% in 1976. Replacement cost data for 1977 includes operations located outside North America, which data was not required for 1976.

Although a reasonable effort was made to estimate the replacement cost of productive capacity, the results are subject to the imprecision inherent in indices and subjective determination by local management in classifying and categorizing productive capacity. Additionally, it is not management's intent to replace its entire productive capacity at one time as is presented here but rather on a continuing basis over many years. Assessments will be made at a future time as to which elements of the productive capacity will eventually, in fact, be replaced.

#### DEPRECIATION AND ACCUMULATED DEPRECIATION

Replacement cost depreciation of machinery and equipment was determined by applying to historic straight-line depreciation the indices used to compute the replacement cost of related productive capacity at the beginning and end of each year to determine average depreciation for the year. Where replacement costs of productive capacity were determined by means other than indexing, replacement cost depreciation was calculated on the year-end replacement cost of such assets using the straight-line method computed on the same lives currently used in the historical cost records along with salvage value rates currently used and adjusted by 50% of 1976 estimated inflation to give effect to computing such replacement cost depreciation on the basis of average replacement costs. The 1977 average depreciation for such assets was determined from beginning and end of year replacement values.

Accumulated depreciation and amortization related to the replacement cost of existing productive capacity was estimated by obtaining the percentage of accumulated depreciation to historical cost of existing productive facilities and applying this percentage to the estimated replacement cost of such productive facilities.

Fully depreciated assets comprise approximately 5% of consolidated property, plant and equipment at December 31, 1977 and 6% at December 31, 1976.

REPLACEMENT COST ESTIMATES

December 31, 1977  
(In Thousands of Dollars)

	REPLACEMENT COST (UNAUDITED)	COMPARABLE REPORTED AMOUNTS
INVENTORIES - As of December 31, 1977 ...	\$ <u>174,575</u>	<u>\$163,035</u>
PROPERTY, PLANT, AND EQUIPMENT - As of December 31, 1977 .....	\$ 1,141,816	\$693,033
Less accumulated depreciation.....	<u>461,875</u>	<u>242,135</u>
	\$ <u>679,941</u>	<u>\$455,898</u>
COST OF SALES - FOR THE YEAR ENDED DECEMBER 31, 1977 (Including \$13,207 estimated replacement cost depreciation, and \$9,436 historical cost depreciation)	\$ <u>810,766</u>	<u>\$707,525</u>
DEPRECIATION - FOR THE YEAR ENDED DECEMBER 31, 1977 included in:		
Cost of sales .....	\$ 13,207	\$ 9,436
Operating expenses .....	23,797	14,466
Operations relative to contracts performed to customer specifications and long-term contracts .....	13,209	9,473
Inventories .....	3,730	2,371
Other accounts .....	<u>1,436</u>	<u>1,067</u>
TOTAL .....	\$ <u>55,379</u>	<u>\$ 36,825</u>

REPLACEMENT COST ESTIMATES

December 31, 1976  
(In Thousands of Dollars)

	<u>REPLACEMENT COST (UNAUDITED)</u>	<u>COMPARABLE REPORTED AMOUNTS</u>
INVENTORIES - As of December 31, 1976 .....	<u>\$157,754</u>	<u>\$156,305</u>
PROPERTY, PLANT, AND EQUIPMENT - As of December 31, 1976 .....	<u>\$685,862</u>	<u>\$394,406</u>
Less Accumulated depreciation .....	<u>339,548</u>	<u>172,505</u>
	<u>\$346,314</u>	<u>\$222,711</u>
COST OF SALES - FOR THE YEAR ENDED DECEMBER 31, 1976 (Including \$12,264 estimated replacement cost depreciation, and \$8,226 historical cost depreciation)...	<u>\$829,224</u>	<u>\$823,643</u>
DEPRECIATION - FOR THE YEAR ENDED DECEMBER 31, 1976 included in:		
Cost of sales .....	\$ 12,264	\$ 8,226
Operating expenses .....	8,596	4,758
Operations relative to contracts performed to customer specifications and long-term contracts .....	12,305	8,936
Inventories .....	2,616	1,505
Other accounts .....	<u>1,246</u>	<u>1,102</u>
Total .....	<u>\$ 37,027</u>	<u>\$ 24,527</u>

SCHEDULE II

OGDEN CORPORATION AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM UNDERWRITERS, PROMOTERS, DIRECTORS, OFFICERS, EMPLOYEES, AND PRINCIPAL HOLDERS  
(OTHER THAN AFFILIATES) OF EQUITY SECURITIES OF THE PERSON AND ITS AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 1977

COLUMN A NAME OF DEBTOR	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS	COLUMN D DEDUCTIONS		COLUMN E BALANCE AT END OF PERIOD	
			AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	CURRENT	NOT CURRENT
Ronald Boyd (a)	\$35,000	—	\$35,000	—	—	—

FOR THE YEAR ENDED DECEMBER 31, 1976

Stanley Randall (a)	\$28,427		\$28,427			
Ronald Boyd (a)	—	\$35,000	—	—	\$35,000	—
	\$28,427	\$35,000	\$28,427	—	\$35,000	—

(a) Non-interest bearing, non-collateralized demand notes.

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OGDEN CORPORATION AND SUBSIDIARIES

INVESTMENTS IN, EQUITY IN EARNINGS OF, AND DIVIDENDS RECEIVED BY

FOR THE YEAR ENDED DECEMBER 31, 1977

COLUMN A	COLUMN B		COLUMN C
NAME OF ISSUER AND DESCRIPTION OF INVESTMENT	BALANCE AT BEGINNING OF YEAR NUMBER OF SHARES OR UNITS. PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	.....ADD EQUITY TAKEN UP IN EARNINGS (LOSSES) OF AFFILIATES AND OTHER PERSONS FOR THE YEAR
OGDLE CORPORATION:			
Subsidiaries consolidated (100%) owned:			
Ogden Management Corporation:			
Common stock, \$1 par value.....	1,000 shares)	\$202,340,590	\$31,861,578
Preferred stock, \$100 par value .....	59,280 shares)		
Ogden Development Corporation:			
Common stock, \$1 par value .....	1,000 shares	(27,233,531)	(1,030,391
Ogden Financial Corporation:			
Common stock, \$1 par value .....	100 shares	50,798,363	6,212,264
Ogden Marine, Inc.:			
Common stock, \$1 par value .....	100 shares	45,909,113	5,733,507
Other subsidiaries and adjustments in consolidation .....		3,767,266	(1,034,190
TOTAL .....		<u>\$366,076,837</u>	<u>\$41,742,233</u>
Rounded to nearest thousand dollars .....		<u>\$366,077,000</u>	<u>\$41,752,000</u>

NOTES:

- (1) Dividend paid on Ogden common stock held by subsidiaries
- (2) Purchase price of 49,500 shares of Ogden Corporation common stock acquired
- (3) Dividends paid to Ogden Corporation during 1977
- (4) The above schedule does not include the investments of subsidiary companies
- (5) Redemption of preferred stock.

OGDEN CORPORATION AND SUBSIDIARIES

SCHEDULE III

EARNINGS OF, AND DIVIDENDS RECEIVED FROM AFFILIATES AND OTHER PERSONS

FOR THE YEAR ENDED DECEMBER 31, 1977

COLUMN B BEGINNING OF YEAR	COLUMN C .....ADDITIONS.....		COLUMN D .....DEDUCTIONS.....		COLUMN E BALANCE AT END OF YEAR	
	EQUITY TAKEN UP IN EARNINGS (LOSSES) OF AFFILIATES AND OTHER PERSONS FOR THE YEAR	OTHER	DISTRIBUTION OF EARNINGS BY PERSONS IN WHICH EARNINGS (LOSSES) WERE TAKEN UP	OTHER	NUMBER OF SHARES OR UNITS. PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS
ss) \$292,840,590	\$31,861,578	\$ 75,010(1)	\$15,000,000(3)	\$5,928,000(5)	1,000 shares)	\$303,249,184
ss) (27,238,231)	(1,030,891)				1,000 shares	(28,269,122)
ss) 50,798,063	6,219,984	210,020(1)		1,239,409(2)	100 shares	55,938,713
ss) 1,909,113	5,733,507				100 shares	51,642,620
3,767,266	(1,034,190)					2,733,076
\$366,076,807	\$41,749,283	\$285,000	\$15,000,000	\$7,167,409		\$385,244,476
\$366,077,000	\$41,750,000	\$285,000	\$15,000,000	\$7,167,000		\$385,244,000

old by subsidiaries  
Ogden Corporation common stock acquired by Ogden Financial  
during 1977  
the investments of subsidiary companies in their subsidiaries.

OGDEN CORPORATION AND SUBSIDIARIES

INVESTMENTS IN, EQUITY IN EARNINGS OF, AND DIVIDENDS RECEIVED FROM

FOR THE YEAR ENDED DECEMBER 31, 1976

COLUMN A	COLUMN B		COLUMN C
NAME OF ISSUER AND DESCRIPTION OF INVESTMENT	BALANCE AT BEGINNING OF YEAR		ADJUSTMENTS
	NUMBER OF SHARES OR UNITS. PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	EQUITY TAKEN UP IN EARNINGS (LOSSES) OF AFFILIATES AND OTHER PERSONS FOR THE YEAR
OGDEN CORPORATION:			
Subsidiaries consolidated (100%) owned:			
Ogden Management Corporation:			
Common stock, \$1 par value .....	1,000 shares)	\$283,167,017	\$49,345,741
Preferred stock, \$100 par value .....	59,230 shares)		
Ogden Development Corporation:			
Common stock, \$1 par value .....	1,000 shares	(25,965,423)	(1,577,346)
Ogden Financial Corporation:			
Common stock, \$1 par value .....	100 shares	44,401,700	4,35,773
Ogden Marine, Inc.			
Common stock, \$1 par value .....	100 shares	41,600,000	4,387,413
Other subsidiaries and adjustments in consolidation .....		4,240,738	(63,424)
TOTAL .....		\$358,652,002	\$-1,111,700
Rounded to nearest thousand dollars.....		\$358,655,000	\$-1,111,000

NOTES:

- (1) Dividend paid on Ogden common stock held by subsidiaries.
- (2) Companies contributed to Ogden Management during the year.
- (3) Purchase price of 107,100 shares of Ogden Corporation common stock and
- (4) Adjustment of purchase price of treasury stock acquired
- (5) Dividends paid to Ogden Corporation during 1976.
- (6) The above schedule does not include the investment of subsidiary companies.



OGDEN CORPORATION AND SUBSIDIARIES

SCHEDULE III

INCOME OF, AND DIVIDENDS RECEIVED FROM AFFILIATES AND OTHER PERSONS

FOR THE YEAR ENDED DECEMBER 31, 1976

COLUMN B BEGINNING OF YEAR	COLUMN C ADDITIONS		COLUMN D DEDUCTIONS		COLUMN E BALANCE AT END OF YEAR	
	EQUITY TAKEN UP IN EARNINGS (LOSSES OF AFFILIATES AND OTHER PERSONS FOR THE YEAR	OTHER	DISTRIBUTION OF EARNINGS BY PERSONS IN WHICH EARNINGS (LOSSES) WERE TAKEN UP	OTHER	NUMBER OF SHARES OR UNITS. PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS
res) \$223,167,017	\$29,305,701	\$ 63,470(1)	\$20,000,000(5)		1,000 shares)	\$292,511,546
res)		211,303(2)			59,200 shares)	
		1,185(4)				
res) (25,569,423)	(1,070,300)				1,000 shares	(27,238,231)
res) 49,401,700	9,451,073	31,630(1)	5,000,000(5)	\$2,267,050(3)	100 shares	50,728,763
res) 600,000	4,300,000				100 shares	4,900,000
4,040,728	(61,460)			210,000(2)		3,767,268
\$352,655,000	\$31,111,000	\$31,111,000	\$25,000,000	\$2,267,050		\$366,076,000
\$352,655,000	\$31,111,000	\$31,111,000	\$25,000,000	\$2,267,050		\$366,076,000

Stock held by subsidiaries.  
Investment during the year.  
Of Ogden Corporation common stock acquired by Ogden Financial  
Company stock acquired  
on during 1976.  
Is the investment of subsidiary companies in their subsidiaries.

OGDEN CORPORATION

INDEBTEDNESS OF AFFILIATES - NOT CURRENT

FOR THE YEAR ENDED DECEMBER 31, 1977

COLUMN A	COLUMN B	COLUMN C
NAME OF AFFILIATE	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
OGDEN CORPORATION: Subsidiaries consolidated: Ogden Development Corporation, wholly-owned subsidiary of Ogden Corporation-non-interest bearing notes, due on demand.....	<u>\$12,243,000</u>	<u>\$12,243,000</u>
TOTAL .....	<u>\$12,243,000</u>	<u>\$12,243,000</u>

FOR THE YEAR ENDED DECEMBER 31, 1976

OGDEN CORPORATION: Subsidiaries consolidated: Ogden Development Corporation, wholly-owned subsidiary of Ogden Corporation-non-interest bearing notes, due on demand .....	<u>\$11,321,000</u>	<u>\$12,243,000</u>
TOTAL .....	<u>\$11,321,000</u>	<u>\$12,243,000</u>

OGDEN CORPORATION

PROPERTY, PLANT

FOR THE YEAR ENDED

COLUMN A	COLUMN B
CLASSIFICATION	BALANCE AT BEGINNING OF YEAR
CONSOLIDATED:	
Land .....	\$ 19,050,000
Buildings and improvements .....	108,888,000
Machinery and equipment .....	250,574,000
Vessels .....	331,726,000
Capitalized leases (1).....	
Construction in progress .....	16,559,000
TOTAL .....	<u>\$726,797,000</u>

FOR THE YEAR ENDED

CONSOLIDATED:	
Land .....	\$ 18,871,000
Buildings and improvements .....	100,027,000
Machinery and equipment .....	241,447,000
Vessels .....	296,345,000
Construction in progress .....	40,951,000
TOTAL .....	<u>\$697,641,000</u>

(1) See Note 12 of Financial Statements.

OGDEN CORPORATION AND SUBSIDIARIES

SCHEDULE V

PROPERTY, PLANT, AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1977

COLUMN B	COLUMN C	COLUMN D	COLUMN F
BALANCE AT BEGINNING OF YEAR	ADDITIONS AT COST	RETIREMENTS OR SALES	BALANCE AT CLOSE OF YEAR
\$ 19,050,000	\$ 877,000	\$ 372,000	\$ 19,555,000
108,888,000	14,201,000	3,096,000	119,993,000
250,574,000	25,020,000	7,675,000	267,919,000
331,726,000	52,000		331,778,000
	11,686,000		11,686,000
<u>16,559,000</u>	<u>(7,953,000)</u>	<u>9,000</u>	<u>8,597,000</u>
<u>\$726,797,000</u>	<u>\$ 43,883,000</u>	<u>\$11,152,000</u>	<u>\$759,523,000</u>

FOR THE YEAR ENDED DECEMBER 31, 1976

\$ 18,871,000	\$ 184,000	\$ 5,000	\$ 19,050,000
100,027,000	10,327,000	1,466,000	108,888,000
241,447,000	20,146,000	11,019,000	250,574,000
296,345,000	43,679,000	8,293,000	331,726,000
<u>40,951,000</u>	<u>(24,392,000)</u>		<u>16,559,000</u>
<u>\$697,641,000</u>	<u>\$ 49,944,000</u>	<u>\$20,788,000</u>	<u>\$726,797,000</u>

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OGDEN CORPORATION AND SUBSIDIARIES  
ACCUMULATED DEPRECIATION AND AMORTIZATION  
OF PROPERTY, PLANT, AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1968

COLUMN A	COLUMN B	CHANGES PROCESSED IN
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	1968
CONSOLIDATED:		
Buildings and improvements .....	\$ 43,245,000	\$ 5
Machinery and equipment .....	119,767,000	18
Capitalized leases (2).....		1
Vessels .....	62,540,000	12
TOTAL .....	<u>\$225,552,000</u>	<u>\$ 36</u>

	FOR THE YEAR ENDED DECEMBER 31, 1967	
CONSOLIDATED:		
Buildings and improvements .....	\$ 38,733,000	\$ 5
Machinery and equipment .....	109,673,000	17
Vessels .....	57,176,000	12
TOTAL .....	<u>\$205,582,000</u>	<u>\$ 34</u>

NOTE:

- (1) Net depreciation credit from unexpired voyage expense.  
(2) See Note 12 of Financial Statements.

1. CORPORATION AND SUBSIDIARIES

SCHEDULE VI

NET DEPRECIATION AND AMORTIZATION  
PROPERTY, PLANT, AND EQUIPMENT

THE YEAR ENDED DECEMBER 31, 1977

COLUMN B BALANCE AT BEGINNING YEAR	COLUMN C .....ADDITIONS.....			COLUMN D	COLUMN E
	CHARGED TO PROFIT AND LOSS OR INCOME	CHARGED TO OTHER ACCOUNTS	OTHER	REDUCTIONS FROM RESERVES, RETIREMENTS, RENEWALS, AND REPLACEMENTS	BALANCE AT CLOSE OF YEAR
45,000	\$ 5,956,000	\$ 23,000		\$ 1,412,000	\$ 47,812,000
57,000	18,573,000	114,000		5,805,000	132,649,000
	1,347,000	5,045,000			6,392,000
40,000	12,272,000	(81,000)(1)			74,731,000
52,000	\$ 38,148,000	\$ 5,101,000		\$ 7,217,000	\$261,584,000

THE YEAR ENDED DECEMBER 31, 1976

33,000	\$ 5,339,000	\$ 24,000		\$ 851,000	\$ 43,245,000
73,000	17,717,000	49,000		7,672,000	119,767,000
76,000	12,005,000	(235,000)(1)		6,406,000	62,540,000
52,000	\$ 35,061,000	\$ (162,000)		\$14,929,000	\$225,552,000

OGDEN CORPORATION AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS AND  
FOR THE YEAR ENDED DECEMBER 31,

COLUMN A	COLUMN B	COLUMN C
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHANGES DURING YEAR
OGDEN CORPORATION:		
Reserves deducted in the balance sheet from the assets to which they apply:		
Uncollectible receivable - current .....	\$ 18,000	
Reserves not deducted:		
Sundry reserve .....	\$ 25,000	
CONSOLIDATED:		
Reserves deducted in the balance sheet from the assets to which they apply:		
Uncollectible receivables - current .....	\$ 5,285,000	\$
Uncollectible receivables - non-current .....	775,000	1
TOTAL .....	\$ 6,060,000	\$ 1
Reserves not deducted:		
Self-insured workmen's compensation claims .....	\$ 7,154,000	\$ 6
Provision for estimated net loss on disposal of certain operations and facilities .....	3,262,000	
Reserves for warranties .....	760,000	
Reserves for litigation .....	2,328,000	
Reserves for losses on real estate projects .....	1,795,000	
Provision for losses on long-term contracts .....	5,950,000	
Sundry reserves .....	9,941,000	
TOTAL .....	\$31,290,000	\$16

NOTES:

- (1) Payments and writeoffs charged to reserves
- (2) Transfer from other accounts
- (3) Writeoff of receivables considered uncollectible
- (4) Transfer to other accounts
- (5) Collection of receivables

CORPORATION AND SUBSIDIARIES

QUALIFYING ACCOUNTS AND RESERVES

SCHEDULE XII

YEAR ENDED DECEMBER 31, 1977

LINE AT ENDING YEAR	.....ADDITIONS..... CHARGED TO PROFIT AND LOSS OR INCOME	COLUMN C CHARGED TO OTHER ACCOUNTS	COLUMN D DEDUCTIONS FROM RESERVES	COLUMN E BALANCE AT CLOSE OF YEAR
18,000			\$ 14,000(3) 4,000(5)	
25,000			\$ 3,000(1)	\$ 22,000
285,000	\$ 408,000	\$ 24,000(2)	\$ 850,000(3) 30,000(4)	\$ 4,337,000
775,000	1,235,000	6,000(2)	416,000(3)	1,600,000
260,000	\$ 1,643,000	\$ 30,000	\$ 1,296,000	\$ 6,437,000
154,000	\$ 6,350,000	\$ 28,000(2)	\$ 6,334,000(1) 53,000(4)	\$ 7,145,000
262,000	15,000	93,000(2)	2,001,000(1)	1,374,000
760,000			239,000(1) 411,000(4)	60,000
323,000			310,000(1) 550,000(4)	1,468,000
795,000	105,000		500,000(1) 1,000,000(4)	400,000
950,000			2,950,000(1)	3,000,000
841,000	4,252,000	88,000(2)	1,811,000(1) 7,021,000(4)	5,349,000
990,000	\$10,722,000	\$214,000	\$23,230,000	\$13,796,000

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OGDEN CORPORATION AND SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS AT  
FOR THE YEAR ENDED DECEMBER 31,

COLUMN A	COLUMN B	CHA PCC LC IN
DESCRIPTION	BALANCE AT BEGINNING OF YEAR	
OGDEN CORPORATION:		
Reserves deducted in the balance sheet from the assets to which they apply:		
Uncollectible receivable - current .....	\$ 38,000	=
Reserves not deducted:		
Reserve for guaranty to subsidiary .....	\$ 878,000	
Sundry reserve .....	29,000	—
TOTAL .....	\$ 907,000	=
CONSOLIDATED:		
Reserves deducted in the balance sheet from the assets to which they apply:		
Uncollectible receivables - current .....	\$ 5,527,000	\$
Uncollectible receivables - non-current .....	715,000	—
TOTAL .....	\$ 6,242,000	\$
Reserves not deducted:		
Self-insured workmen's compensation claims .....	\$ 3,017,000	\$3,
Provision for estimated net loss on disposal of certain operations and facilities .....	3,890,000	
Reserves for warranties .....	760,000	
Reserves for litigation .....	3,570,000	
Reserves for losses on real estate projects .....	2,699,000	
Provision for losses on long-term contracts .....	3,800,000	2,
Sundry reserves .....	5,828,000	1,
TOTAL .....	\$23,564,000	\$2,

NOTES:

- (1) Payments and writeoffs charged to reserves
- (2) Transfer from other accounts
- (3) Writeoff of receivables considered uncollectible
- (4) Transfer to other accounts
- (5) Collection of receivables

CORPORATION AND SUBSIDIARIES

SCHEDULE XII

D QUALIFYING ACCOUNTS AND RESERVES

YEAR ENDED DECEMBER 31, 1976

AMOUNT B	COLUMN C		COLUMN D	COLUMN E
	.....ADDITIONS.....			
AMOUNT AT BEGINNING YEAR	CHARGED TO PROFIT AND LOSS OR INCOME	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS FROM RESERVES	BALANCE AT CLOSE OF YEAR
<u>33,000</u>	<u>          </u>	<u>          </u>	\$ <u>23,000</u> (5)	\$ <u>10,000</u>
873,000			\$ 873,000 (1)	
<u>29,000</u>	<u>          </u>	<u>          </u>	<u>4,000</u> (1)	\$ <u>25,000</u>
<u>907,000</u>	<u>          </u>	<u>          </u>	\$ <u>832,000</u>	\$ <u>25,000</u>
5,527,000	\$ 440,000	\$ 107,000(2)	\$ 623,000 (3)	\$ 5,235,000
			141,000 (4)	
<u>715,000</u>	<u>73,000</u>	<u>80,000(2)</u>	<u>20,000</u> (5)	<u>775,000</u>
			<u>93,000</u> (3)	
<u>6,242,000</u>	\$ <u>513,000</u>	\$ <u>187,000</u>	\$ <u>837,000</u>	\$ <u>6,260,000</u>
8,017,000	\$3,753,000	\$ 40,000(2)	\$ 4,533,000 (1)	\$ 7,154,000
			123,000 (4)	
3,890,000		271,000(2)	899,000 (1)	3,262,000
760,000				760,000
3,570,000			1,242,000 (1)	2,328,000
2,699,000	552,000		1,454,000 (1)	1,795,000
3,800,000	2,900,000		750,000 (1)	5,950,000
5,823,000	1,803,000	3,819,000(2)	212,000 (1)	9,841,000
			<u>1,397,000</u> (4)	
<u>8,564,000</u>	\$ <u>9,008,000</u>	\$ <u>4,130,000</u>	\$ <u>10,612,000</u>	\$ <u>31,090,000</u>

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OGDEN CORPORATION AND SUBSIDIARIES  
SUPPLEMENTARY INCOME STATEMENT INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 1977

<u>COLUMN A</u>	<u>COLUMN B</u>
<u>ITEM</u>	<u>CHARGES TO</u> <u>COSTS AND EXPENSES</u>
<u>CONSOLIDATED:</u>	
Maintenance and repairs .....	\$54,117,000
Depreciation, depletion and amortization of property, plant and equipment .....	38,146,000
Taxes other than income taxes:	
Property, franchise, etc. ....	11,541,000
Payroll taxes .....	22,753,000
Rents .....	24,486,000

FOR THE YEAR ENDED DECEMBER 31, 1976

<u>CONSOLIDATED:</u>	
Maintenance and repairs .....	\$51,543,000
Depreciation, depletion and amortization of property, plant and equipment .....	35,061,000
Taxes other than income taxes:	
Property, franchise, etc. ....	11,678,000
Payroll taxes .....	21,133,000
Rents .....	25,093,000

SHAKER SAVINGS ASSOCIATION  
AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED FINANCIAL CONDITION.

-- ASSETS --	1977	1976	
CASH.....	\$ 3,770,191	\$ 1,755,205	LIABILI
INVESTMENTS - At amortized cost:			Savin
Time deposits in banks.....	10,040,214	17,340,248	Reg
U.S. Government (approximate market value			Cer
\$2,783,000 and \$4,012,000 at December 31,			
1977 and 1976, respectively) (Note 3).....	3,369,611	4,378,459	Advan
Government agencies (approximate market value			Secur
\$8,751,000 and \$6,222,000 at December 31,			(No
1977 and 1976, respectively).....	8,436,128	6,185,271	Advan
Federal funds sold.....	16,950,000	350,000	Undis
Securities purchased under agreements to			Accru
resell.....		7,100,000	Accou
LOANS RECEIVABLE (Notes 4, 6 and 11).....	483,737,220	431,088,282	Feder
PROPERTY AND EQUIPMENT (Note 5) - At cost -			Other
less accumulated depreciation and amortiza-			
tion of \$2,531,986 in 1977 and \$2,266,571			DEFERRE
in 1976.....	3,252,170	2,930,462	Defer
OTHER ASSETS:			Lefer
Stock of Federal Home Loan Bank (Note 6) -			
at cost.....	3,886,000	3,299,000	SHAREHO
Prepaid Federal Savings and Loan Insurance			Capit
Corporation Premium.....	1,473,581	1,578,935	\$40
Accrued interest receivable from investments.	359,096	422,266	Gener
Real estate owned - at cost - less allowance			Undi:
for losses of \$419,540 in 1977 and \$876,191			
in 1976.....	1,511,059	1,895,574	
Prepaid expenses and other assets.....	666,431	594,374	
TOTAL.....	\$537,451,701	\$480,087,732	

See Notes to Financial State

R SAVINGS ASSOCIATION  
AND SUBSIDIARIES

FINANCIAL CONDITION, DECEMBER 31, 1977 AND 1976

-- LIABILITIES AND SHAREHOLDERS' EQUITY --		1977	1976
1976			
,755,205	LIABILITIES:		
	Savings accounts:		
,949,948	Regular.....	\$247,985,375	\$241,204,577
	Certificates.....	212,531,123	180,468,890
	Total savings accounts.....	460,516,498	421,673,467
,378,459	Advances from Federal Home Loan Bank (Note 6).	28,335,000	18,335,000
	Securities sold under agreements to repurchase (Note 3).....	6,020,000	
,135,271	Advances by borrowers for taxes and insurance.	4,193,458	3,689,379
,850,000	Undisbursed portion of mortgage loans.....	2,794,010	3,497,800
	Accrued interest payable.....	2,211,868	1,524,680
,100,000	Accounts payable and accrued expenses.....	1,268,705	1,315,061
,088,288	Federal income taxes (Note 7).....	148,033	372,722
	Other liabilities.....	1,228,141	1,601,326
	Total liabilities.....	506,715,713	452,009,435
	DEFERRED CREDITS:		
,900,462	Deferred income.....	1,538,467	1,584,000
	Deferred Federal income taxes (Note 7).....	835,053	707,979
	Total deferred credits.....	2,373,520	2,291,979
,299,000	SHAREHOLDERS' EQUITY:		
,578,935	Capital stock - authorized 50,000 shares of \$40.00 par value; outstanding 10,038 shares.	401,520	401,520
,422,266	General reserves (Notes 7 and 8).....	20,083,321	19,799,321
	Undivided profits (Note 11).....	7,027,627	5,585,527
,895,574	Total shareholders' equity.....	28,362,468	25,786,368
,594,374			
,087,782	TOTAL.....	\$537,451,701	\$480,087,782

s to Financial Statements.

SHAKER SAVINGS ASSOCIATION  
AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	1977	1976
<b>REVENUES:</b>		
Interest on loans.....	\$36,981,481	\$31,219,659
Interest on investments.....	2,355,061	2,472,241
Dividend - Federal Home Loan Bank.....	196,273	147,649
Loan origination fees.....	1,033,807	989,323
Commitment, penalty and other fees.....	768,241	814,669
Fees earned by subsidiary companies.....	1,227,157	1,136,090
Other.....	189,523	128,376
Total.....	<u>42,751,543</u>	<u>36,908,507</u>
<b>EXPENSES:</b>		
Interest:		
Savings accounts.....	26,094,244	23,606,668
Advances from Federal Home Loan Bank.....	2,070,256	1,288,639
Other.....	325,593	193,321
General and administrative.....	8,881,907	7,784,061
Provision for losses on loans and real estate owned (net of gains from the sale of real estate owned of \$20,398 in 1977 and \$156,685 in 1976).....	162,508	368,315
Total.....	<u>37,534,508</u>	<u>33,241,064</u>
INCOME BEFORE FEDERAL INCOME TAXES.....	<u>5,217,035</u>	<u>3,667,443</u>
PROVISION FOR FEDERAL INCOME TAXES (Note 7):		
Current.....	1,289,225	1,126,963
Deferred.....	127,074	8,650
Total.....	<u>1,416,299</u>	<u>1,135,613</u>
NET INCOME (Per share: 1977 - \$378.63; 1976 - \$252.22).....	<u>\$ 3,800,736</u>	<u>\$ 2,531,830</u>

See Notes to Financial Statements.

SHAKER SAVINGS ASSOCIATION  
AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED GENERAL RESERVES  
AND UNDIVIDED PROFITS  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	GENERAL RESERVES	UNDIVIDED PROFITS	TOTAL
BALANCE, DECEMBER 31, 1975.....	\$17,946,321	\$ 6,131,333	\$24,077,654
ADD (DEDUCT):			
Net income.....		2,531,830	2,531,830
Appropriation of net income for income tax and regulatory purposes.....	1,853,000	(1,853,000)	
Cash dividend (\$122.00 per share).....		(1,224,636)	(1,224,636)
BALANCE, DECEMBER 31, 1976.....	13,799,321	5,585,527	25,384,848
ADD (DEDUCT):			
Net income.....		3,800,736	3,800,736
Appropriation of net income for income tax and regula- tory purposes.....	1,134,000	(1,134,000)	
Cash dividend (\$122.00 per share).....		(1,224,636)	(1,224,636)
BALANCE, DECEMBER 31, 1977.....	\$20,933,321	\$ 7,027,627	\$27,960,948

See Notes to Financial Statements.

SHAKER SAVINGS ASSOCIATION  
AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CONSOLIDATED FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	1977	1976
SOURCE OF FUNDS:		
Operations:		
Net income.....	\$ 3,800,736	\$ 2,531,830
Items not requiring the outlay of funds:		
Interest credited to savings accounts..	20,978,737	19,428,462
Depreciation and amortization.....	316,855	267,631
Provision for losses on loans and real estate owned.....	182,906	525,000
Deferred Federal income taxes.....	127,074	8,650
Other.....	(45,533)	120,316
Funds provided from operations.....	25,360,775	22,881,889
Net increase in savings accounts before interest credited.....	17,864,294	40,162,884
Loan principal repayments.....	62,776,131	50,540,949
Sales of real estate owned.....	2,199,491	1,685,956
Advances from Federal Home Loan Bank - net.	10,000,000	2,910,000
Increase in securities sold under repurchase agreements.....	6,020,000	
Increase in other liabilities.....	547,037	1,941,630
Other.....		218,937
Total.....	\$124,767,728	\$120,342,245
APPLICATION OF FUNDS:		
Loan disbursements.....	\$115,410,604	\$106,793,871
Increase in cash and investments.....	4,347,261	1,351,178
Additions to real estate owned.....	1,358,325	2,766,291
Additions to property and equipment.....	578,563	324,297
Purchase of stock of Federal Home Loan Bank	587,000	298,000
Realized losses on loans and real estate owned.....	929,389	108,816
Dividends paid to shareholders.....	1,224,636	1,224,636
Decrease in securities sold under repurchase agreements.....		7,475,156
Other.....	331,950	
Total.....	\$124,767,728	\$120,342,245

See Notes to Financial Statements.



SHAKER SAVINGS ASSOCIATION  
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

1. GENERAL

Approximately 95% of the capital stock of the Association is registered in the name of Ogden Financial Corporation, a wholly-owned subsidiary of the Ogden Corporation.

On November 18, 1977 Ogden Financial Corporation entered into an agreement to sell its 95% interest in the capital stock of Shaker Savings Association to Ohio Savings Financial Corporation. The sale is subject to approval by the Division of Building and Loan Associations of Ohio and the Federal Home Loan Bank Board.

The Association is subject to various laws and regulations of the State of Ohio, the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation which govern the Association's loan activity, investments, reserve requirements, liquidity position and other matters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Association and its wholly-owned subsidiaries, Shaker Ohio Development Corporation and Shaker Savings Service Corporation and its subsidiaries. Significant intercompany transactions have been eliminated.

Investments

U. S. Government and Government agency securities consist principally of bonds and notes which are redeemable at their par values. Securities are carried at cost adjusted for amortization of premiums and accretion of discounts. Gain or loss on sale of investments is based on the specific identification method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Allowance for Losses on Loans  
and Real Estate Owned

A provision for losses is charged to operations based on management's evaluation of the potential loss in its loan portfolio and in real estate owned. Such evaluation includes, among other matters, a review of all loans for which full collectibility may not reasonably be assured including the underlying value of related collateral. In addition the evaluation considers the estimated realizable value of real estate owned.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization are computed principally on the straight-line method, over the estimated useful lives of the related assets. Depreciation and amortization expense is included in general and administrative expense.

Real Estate Owned

Real estate owned is real estate acquired in settlement of foreclosed loans and is carried at the balance of the loan, and related foreclosure costs on the property to the date of acquisition. Costs relating to the development and improvement of property are capitalized, whereas those relating to holding and maintaining the property are charged to expense.

If a sale of real estate owned results in a gain, the part of the gain that is not received in cash is deferred and taken into income in proportion to the reduction in the loan balance. Losses are charged to operations as incurred.

Uncollected Interest

The Association accrues interest on all mortgage loans. An allowance for uncollected interest is provided for all accrued interest on mortgage loans which are more than 90 days past due. Such interest ultimately collected is credited to income in the period of recovery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Loan Fees

Loan fees and points for originating loans are deferred for amounts in excess of 1% of the loan amount plus \$200. Deferred loan fees are amortized to income on the straight-line method over ten years (seven years for loans closed prior to January 1, 1972). The Association includes in income any unamortized deferred loan fees related to loans paid off or sold.

Premiums and discounts on loans purchased are amortized into income on the straight-line method over ten years (seven years for loans purchased prior to January 1, 1972).

3. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

Securities sold under agreement to repurchase are collateralized by investments in obligations of the U. S. Government and mortgage-backed securities of \$8,847,400. The borrowings under this agreement had interest rates ranging from 6.53% to 6.85%.

4. LOANS RECEIVABLE

Loans receivable at December 31 consist of the following:

	<u>1977</u>	<u>1976</u>
First mortgage loans.....	\$352,586,262	\$328,903,443
Participating interest in first mortgage loans originated by others.....	120,089,947	93,151,946
Mortgage-backed securities - Government National Mortgage Association.....	6,990,819	5,639,136
Loans on savings accounts.....	2,447,029	1,778,047
Educational loans - guaranteed by governmental agencies.....	44,238	755,040
Accrued interest.....	2,353,320	2,311,669
Total.....	<u>484,517,615</u>	<u>432,542,281</u>
Less:		
Allowance for possible loan losses.....	346,709	663,733
Allowance for uncollected delinquent interest.....	433,600	730,261
Total.....	<u>780,309</u>	<u>1,453,933</u>
Loans receivable - net.....	<u>\$483,737,220</u>	<u>\$431,088,283</u>

4. LOANS RECEIVABLE (CONT.)

Loans with unpaid principal balances of approximately \$2,327,300 and \$4,238,700 in 1977 and 1976, respectively, are more than 90 days past due.

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31 are summarized as follows:

<u>Major Classification</u>	<u>1977</u>	<u>1976</u>
Land, buildings and improvements....	\$2,725,922	\$2,704,833
Furniture and equipment.....	2,630,188	2,304,301
Leasehold improvements.....	428,046	207,930
Total.....	5,784,156	5,217,033
Less accumulated depreciation.....	2,531,986	2,226,571
Property and equipment - net.....	<u>\$3,252,170</u>	<u>\$2,990,462</u>

6. ADVANCES FROM FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank at December 31 consist of the following:

<u>Due In</u>	<u>Interest Rates</u>	<u>1977</u>	<u>1976</u>
1978	8.375% to 8.600%	\$ 7,500,000	\$ 7,500,000
1979	7.650% to 8.950%	5,835,000	5,835,000
1980	7.250%	4,000,000	
1981	7.500%	4,000,000	
1982	7.500%	2,000,000	
1984	8.100%	5,000,000	5,000,000
Total.....		<u>\$28,335,000</u>	<u>\$19,335,000</u>

The advances are collateralized by stock of the Federal Home Loan Bank and first mortgage loans with unpaid principal balances of approximately \$47,319,000 and \$45,836,000 in 1977 and 1976, respectively.

7. FEDERAL INCOME TAXES

The Association and its subsidiaries are included in the consolidated Federal income tax return of Ogden Corporation and its other subsidiaries. Ogden Corporation files a consolidated Federal income tax return for all eligible United States subsidiaries and charges the individual companies with their proportionate shares of the current consolidated provision for such taxes, which, effective January 1, 1976, was determined as if each subsidiary company filed a separate Federal income tax return.

7. FEDERAL INCOME TAXES (CONT.)

The current tax provision comprehends the special provisions in the Internal Revenue Code which permit savings and loan associations to deduct from taxable income an allowance for bad debts based on a percentage of taxable income before such deduction. The amount deductible is limited to 43% in 1976 and 42% in 1977 (declining to 40% by 1979). A reconciliation from the statutory expected income tax and tax rate to the actual income tax and effective tax rate is as follows:

	.....1977.....		.....1976.....	
	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>
Computed tax at statutory rate.....	\$2,504,176	48.0%	\$1,760,373	48.0%
Increases (decreases) resulting from:				
Bad debt deduction for tax purposes in excess of book provision.....	(973,750)	(18.7)	(580,169)	(15.8)
Tax exempt interest on municipal bonds.....	(105,021)	(2.0)	(43,239)	(1.2)
Investment and jobs tax credits.....	(44,149)	(.9)	(13,705)	(.5)
Other.....	35,043	.7	17,353	.5
Actual tax provision.....	<u>\$1,416,299</u>	<u>27.1%</u>	<u>\$1,135,613</u>	<u>31.0%</u>

All of the general reserves have been accumulated by appropriations of net income that otherwise would have been subject to Federal income tax. Under Federal income tax laws they are available only for absorbing losses on loans, and if used for any other purpose, a tax liability would be imposed upon the Association at the then current Federal income tax rates.

Deferred Federal income taxes have been provided on amounts that are reported in a different year for income tax purposes. The difference in reporting is due generally to the use of the modified cash basis of accounting for income tax purposes, whereas the accrual basis is used for financial reporting purposes, and from interest earned on the prepaid Federal Savings and Loan Insurance Corporation premium which is not currently taxable.

8. GENERAL RESERVES AND UNDIVIDED PROFITS

A portion of the general reserves (approximately \$16,546,000 and \$14,328,000 in 1977 and 1976, respectively), is maintained in accordance with the Rules and Regulations for Insurance of Accounts of the Federal Savings and Loan Insurance Corporation, and the State of Ohio and is restricted for the purpose of absorbing losses. These reserves are not related to amounts of losses actually anticipated and the appropriations thereto have not been charged against income.

9. LEASE COMMITMENTS AND RENTAL EXPENSE

The Association and its subsidiaries are lessees under a number of noncancellable lease agreements with respect to property and equipment. The minimum annual rental commitment under these operating leases, exclusive of taxes and other charges payable by the lessors, is summarized as follows:

1978	\$ 166,092
1979	144,372
1980	121,925
1981	106,396
1982	85,109
1983-1987	246,039
1988-1992	241,896
1993-1997	123,050

Total..... \$1,234,879

Total rental expense for the years ended December 31, 1977 and 1976, including property rented on a month-to-month basis, amounted to approximately \$203,000 and \$178,000, respectively.

10. PENSION PLAN

The Association has a non-contributory pension plan for all eligible employees. Pension costs are funded as accrued. Pension expense for the years ended December 31, 1977 and 1976 was \$237,101 and \$215,585, respectively. During 1976 eligibility requirements were changed as were certain actuarial assumptions and methods. These combined changes increased pension costs for 1976 and created an unfunded past service liability which is being funded over 30 years.

11. OTHER

The bylaws of the Association were amended in 1976 eliminating all restrictions on the payment of cash dividends to shareholders. Formerly, the bylaws restricted annual cash dividends to shareholders to a rate not in excess of the lowest interest rate paid on savings deposits (currently 5.00%) computed on "book value" as defined.

The Association has unused lines of credit with commercial banks of \$7,000,000 at December 31, 1977. First mortgage loans with unpaid principal balances aggregating \$8,375,000 are pledged as collateral for borrowings under lines of credit. There were no borrowings under the lines of credit during 1976 or 1977.

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SCHEDULE XII

SHAKER SAVINGS ASSOCIATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>CHARGED TO COSTS AND EXPENSES</u>	<u>ACCOUNTS WRITTEN OFF DURING THE YEAR - NET</u>	<u>OTHER</u>	<u>BALANCE AT END OF YEAR</u>
Loans:					
1977 .....	\$ <u>663,733</u>	\$ <u>(96,890)</u>	\$ <u>120,144</u>	\$ <u>(100,000)*</u>	\$ <u>346,709</u>
1976 .....	\$ <u>1,019,548</u>	\$ <u>(26,920)</u>	\$ <u>72,995</u>	\$ <u>(256,000)*</u>	\$ <u>663,733</u>
Real Estate Owned:					
1977 .....	\$ <u>876,191</u>	\$ <u>279,786</u>	\$ <u>309,245</u>	\$ <u>72,803*</u>	\$ <u>419,540</u>
1976 .....	\$ <u>77,000</u>	\$ <u>551,320</u>	\$ <u>35,320</u>	\$ <u>233,191</u>	\$ <u>876,191</u>

\* Transfers between reserves for loans, reserves for real estate owned, and reserves for delinquent interest.



SCHEDULE XVI

SHAKER SAVINGS ASSOCIATION AND SUBSIDIARIES  
SUPPLEMENTARY INCOME STATEMENT INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

COLUMN A	COLUMN B	
ITEM	CHARGED TO COSTS AND EXPENSES 1977	1976
Depreciation and Amortization	\$316,355	\$267,631
Ohio Intangible Taxes .....	869,346	755,773
Payroll, Real Estate and Personal Property Taxes ...	266,127	242,253



# Notes

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Return to:  
PASSAIC VALLEY SEWERAGE COMMISSIONERS  
780 Broad Street  
Newark, N. J. 07102

Date: MARCH 23, 1972

Plant Ref. No. 18EC460

## WASTE EFFLUENT SURVEY

(For Industries Served by the Passaic Valley Sewerage Commissioners)

Plant Name: BARTH SMELTING & REFINING CORP

Address: 27 CHADEL ST. NEWARK, N.J. Zip: 07102

Person and Title to whom any further inquiries should be directed: \_\_\_\_\_

JOHN BROWN - EXECUTIVE VICE PRESIDENT

Phone No.: 589-4908

Number of Employees: 135

Number of Working Days Per Week: FIVE

Number of Shifts Per Day: 3 SHIFTS

Area of Property: 5 1/2 ACRES Acres, or \_\_\_\_\_ Sq. Ft.

Type of Industry and 4 digit U. S. Standard Industrial Classification No.: 3331

SMELTER & REFINER - 3330

Finished Product(s): COPPER BASE ALLOYED INGOTS

Average Production: 13,000 TONS PER YEAR

Raw Materials Used: NON-FERROUS SCRAP

Brief Description of Operations: SCRAP METAL IS RECEIVED, SORTED, AND REFINED

IN LABORATORY FURNACES WHERE IT IS REFINED AND CAST INTO INGOTS

MAA000238

854240351

Water received in Gallons (Note: multiply cu. ft. x 7.48)

Purchased water in 1971 from: CITY OF ALBUQUERQUE

1st Quarter ..... 20,533

2nd Quarter ..... 17,503

3rd Quarter ..... 25,103

4th Quarter ..... 95,983

Total Purchased 1971: ..... 159,122

Well Water

1st Quarter .....

2nd Quarter .....

3rd Quarter .....

4th Quarter .....

Total well water received in 1971: ..... NONE

River Water

1st Quarter .....

2nd Quarter .....

3rd Quarter .....

4th Quarter .....

Total river water taken in in 1971: ..... NONE

TOTAL OF ALL WATER RECEIVED IN 1971: ..... 159,122

Water Use in 1971:

Water to Product (include evaporated and lost water): ..... EST 24,000,000

Water to Sanitary Sewer: ..... EST 32,000,000

Water to Storm Sewer, River or Ditch: ..... EST 103,122

TOTAL WATER USE IN 1971: ..... EST 57,122

Name of River, Stream, or Tributary, and location of storm sewer or ditch outlet to river, stream,

or tributary: San Juan River - along international border

with flow of water into Mexico

MAA000239

854240352

NOT APPLICABLE

**ANSWER THE FOLLOWING QUESTIONS ONLY IF THE  
PLANT WASTE INCLUDES WASTE ATTRIBUTABLE TO INDUSTRIAL OPERATIONS**

(Note: Analyses should be based on a 24-hour composite sample)

Characteristics of Plant Waste discharged to sanitary or combined sewer, after treatment if any. Indicate units of measure where applicable (e.g. Mg/l).

a) pH: ..... b) Turbidity: .....

c) Temperature: ..... d) Radioactive? Yes ..... No .....

e) Solids Concentration:

1) Total Solids ..... Volatile ..... Mineral .....

2) Suspended Solids ..... Volatile ..... Mineral .....

f) Oil and Grease Concentration:

1) Floatable Oils .....

2) Emulsified Oils .....

g) Chlorides .....

h) Chemical Oxygen Demand (C.O.D.): .....

i) 5-day Bio-chemical Oxygen Demand (B.O.D.): .....

j) Total organic carbon (T.O.C.): .....

k) Metallic Ions—Name and concentration (Important—list each metal in waste, e.g., chromium hex. and triv. Antimony, Lead, Mercury, Copper, Vanadium, Nickel; give concentration and total daily discharge of each metal.)  
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.....

l) Toxic Material—Name and concentration e.g., cyanide salts, etc.): .....

m) Solvents—Name and concentration: .....

n) Resins—Name and concentration (Lacquers, Varnishes, Synthetics): .....

o) Date and time span of sample .....

- Explain hours, method of discharge of waste to Sanitary Sewer and peak rate of flow, e.g., (continuing for 8 hours per day, 5 days per week at 100 gal./day rate) (batch twice a day for 20 minutes at 100 gal./min.) (Continuous 24 hours steady or with peaks at 2 P.M., peak rate 3 M.G.D.) etc.  
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Characteristics of Plant Discharge to Storm Sewer, River, or Ditch, after treatment if any. Indicate units of measure where applicable (e.g., Mg/l).

a) pH: ..... b) Turbidity: .....

c) Temperature: ..... d) Radioactive? Yes ..... No .....

e) Solids Concentration:

1) Total Solids ..... Volatile ..... Mineral .....

2) Suspended Solids ..... Volatile ..... Mineral .....

f) Oil and Grease Concentration:

1) Floatable Oils .....

2) Emulsified Oils .....

g) Chlorides .....

h) Chemical Oxygen Demand (C.O.D.): .....

i) 5-day Bio-chemical Oxygen Demand (B.O.D.): .....

j) Total Organic Carbon (T.O.C.): .....

k) Metallic Ions—Name and concentration (Important—list each metal in waste, e.g., chromium hex. and triv. Antimony, Lead, Mercury, Copper, Vanadium, Nickel; give concentration and total daily discharge of each metal.):

l) Toxic Material—Name and concentration (e.g., cyanide salts, etc.): .....

m) Solvents—Name and concentration: .....

n) Resins—Name and concentration (Lacquers, Varnishes, Synthetics): .....

o) Date and time span of sample: .....

Do you pretreat any waste before discharge? .....

If so, describe process and disposal of residue removed: .....

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Certification of Laboratory doing sampling and making analyses shall be given. Procedures shall be those shown in the 13th edition of Standard Methods for the Examination of Water and Wastewater, where applicable. If no procedure is applicable, the laboratory is to describe method and procedure used in analyses.

*J. P. Miller - Sec 11*  
Signature and title of person preparing report